

BANKING



A Bond Matures (Page 1)

Make more and larger loans to smaller business



To help smaller business in your community—and to increase the volume and safety of your loans—suggest sound loans on inventory, field warehoused by Douglas-Guardian.

Field warehousing is practical for loans of \$10,000 or more. Under the Douglas-Guardian procedure, warehouse receipts can be issued *without moving merchandise off the borrower's premises*. A Douglas-Guardian operating man cooperates with you and your customer and safeguards the merchandise which is your security.

When customers need more funds than you can advance without collateral, let Douglas-Guardian arrange to issue bona fide warehouse receipts. Make more and larger loans to smaller business.

Upon request we shall be glad to send you copies of "Profits on Your Premises—What field warehousing can do for you."

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Just a Minute

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION



A boy and a Bond

Tommy

MEET, on our cover, TOMMY FERGUSON. TOMMY is cashing a Savings Bond that was bought for him when he was a year old in March 1935. The "baby" bonds first appeared then. So he got in at the ground floor, as the saying goes.

Yes, time flies. And thrift works.

TOMMY, who lives in Hartsville, South Carolina, promptly reinvested the \$18.75 he got for his matured bond in a new War Bond. Also, he put the \$6.25 interest into War Savings Stamps, thus starting the fund for another bond.

During the 10 years his old bond was maturing TOMMY loaned all his Christmas and birthday money, as well as part of his allowance, to Uncle Sam. He epitomizes the millions of Americans who are doing the same thing.

What better curtain-raiser could we provide for the Seventh War Loan?

TOMMY, by the way, is a grandson of A. L. M. Wiggins, president of the Bank of Hartsville, and former president of the American Bankers Association.

The \$5 Goes to . . .

PROMPTLY at closing time, March 15, the sunset gun boomed and BANKING's big Picture Title contest was in the laps of the judges.

It stayed there for some time, too, because our picture-naming readers had not only been very numerous, but very

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clever. Bank presidents, vice-presidents, cashiers, trust officers, secretaries, tellers and assistants in the various categories had accepted our challenge for a battle of wits and sent us titles by the dozen. (Some really submitted as many as that.) We also had entries from directors, college students and business men. In other words, interest was high, wide and handsome.

But time takes care of many things, among them the selection of a contest winner. After much deliberation, **BANKING's** editorial staff decided that the \$5 prize should go to:

Rev. Samuel E. Moyer

who is a director of the Perkasio (Pa.) Trust Company.

His title is:

"Another Form to Contend With!"



Maybe you won't agree, but that's our decision and we stay with it. (We'll admit, however, that "Curve Service," submitted by numerous readers, is good!)

One bank sent in several titles which it felt sure would have been suggested by employees now in service.

Perhaps you'd be interested in the title that had been bestowed on the drawing when it arrived from Artist **DICK ERICSON** several months ago. It was this: "A stroke of genius, Brown, old man, this curb service."

Of course, that would have done very well, but we wanted you to have some fun.

And we want you to have some more, so . . .

New Contest!

MAYBE you'd welcome another contest. Without awaiting your answer, we herewith launch one.

For the best title to the Ericson drawing at the right, we contract to pay \$5. Same rules:

Send your entry or entries to Contest Editor, **BANKING**, 22 East 40th Street, New York City. Closing date, May 1.

Good luck.

April 1945

P.S.

ONE of the February contestants was Cashier **DANIEL W. HOGAN, JR.**, of the City National Bank and Trust Company, Oklahoma City, to whom we awarded the December prize. He submitted his entry with the comment: "I don't want to quit a winner."

All in all, it was a good party and we're looking forward to the wealth of ideas that will be inspired by the gentleman in the safe deposit box.

Alice in Debitland

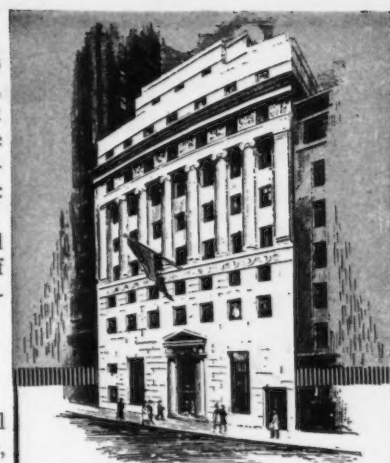
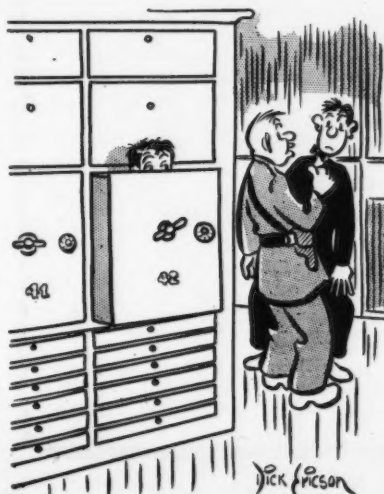
A COUPLE of months before Pearl Harbor Day (October 1941, to be exact), **BANKING** published a little story about Alice's visit to the Land of Debit. There she saw those remarkable National Debt Mountains, the Chargeits, which grow while you wait, so to speak. In fact, as she stared at them, they notched out a new horizon at Fifty-five Billion. And she was assured by an inhabitant of Debit that the peaks were surely headed for Hundred Billion.

Were she to return to Debitland, Alice would find that prophecy generously fulfilled, for the amazing mountains now have an altitude of approximately thrice the height mentioned by her friend. **JOSEPH STAGG LAWRENCE's** "The Coming \$300 Billion Debt" makes a quite unallegorical story about it.

Dangers of the Debt Rise

A RECENT debt-front event of interest to bankers was the statement of **W. RANDOLPH BURGESS**, president of the American Bankers Association, before the House Committee on Ways and

\$5 for a title



The
**PUBLIC
NATIONAL
BANK**
*and Trust Company
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**THE
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BANK**

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**RESOURCES
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CANADA'S OLDEST BANK

With Modern, Experienced Service

—over \$1,500,000,000 in assets—over 1,000,000 deposit accounts—branches throughout Canada and Newfoundland—

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—data on agricultural, commercial, mining and manufacturing conditions in any part of Canada—credit and market information—deposit and loaning facilities—assistance on the intricacies of foreign exchange transactions due to the war-time controls—commercial credits—collections and payments—special wire connections for speeding transactions.

Bankers are invited to call on our American offices to learn fully about the Bank's organized assistance for private industry and commerce.

NEW YORK: 64 Wall Street CHICAGO: 27 South LaSalle St.
SAN FRANCISCO: 333 California St.

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BANK OF MONTREAL

ESTABLISHED 1817

GOT A PENCIL?

O. K....Now figure out how much you pay for two hundred Pocket Checks. Also, how much for a check book cover and how much for a pass book. Don't tell us, but isn't it about fifty cents?

So that fifty cents is given to the depositor... but is he conscious of it? No, he isn't! It's just something he has to have because it goes with his checking account.

The point we are trying to make is how much more conscious of value that depositor would be if he paid out \$1.25 of his own money and got two hundred Personalized Checks along with a nice gold-stamped cover. Then he would really have something.

And then take a look at the benefits to your bank. It's so easy to sort and file when you are looking at a printed name and it wastes so much time when you have to depend entirely upon written signatures, many of which are illegible and most of which are "Greek to us."

Still got that pencil? Then how about multiplying fifty cents by the number of checking accounts not already using imprinted checks. It's all money out of your pocket and much of it can be saved by selling the checks instead of giving them away. Use one of our statement enclosures just one month. We predict that the results will sell you on the Personalized Check program.

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Means. In forthright comment on the dangers of the rising national debt, President BURGESS pointed out that the question was not the country's capacity to finance the load, but the method of financing and the consequences.

"As the debt has grown," he said, "the inflation pressure has increased. By the control of prices and interest rates and the rationing of goods we have been partly able to conceal the inflation, but it is smouldering underneath. The more the debt increases the greater will be the danger."

Mr. BURGESS called the Committee's attention to a fact that bankers well know: "... to the extent that investors don't buy the bonds and the banks have to buy them, new credit—new money—is put into use, and that is the basic cause of inflation."

The danger to enterprise—especially small enterprise—is also inherent in the rising debt, he said. "The higher the debt burden the higher the taxes. ... Small enterprise lives by plowing back profits into the business, and under high taxes small business does not flourish."

Among the brakes that could be applied to unnecessary spending, Mr. BURGESS advocated closer fiscal control of government corporations, operating under "different rules from regular government departments" and in some cases competing with private, tax-paying business.

While it is necessary to increase the debt limit because of the war, said the A.B.A. president, "would it not be wise in the same legislation or at the same time to return to the Government some of the unused capital and surpluses in the hands of Federal corporations doing a commercial business, and in addition, require such corporations to pay interest or dividends on Federal funds they retain? Such action, it seems to us, is in the interest of fairness to those who conduct private business and pay taxes. Furthermore, such action would give assurance to the people of the country

(CONTINUED ON PAGE 6)

"Filing experience? Well, to be honest, I always go to a manicurist."



BANKING



Hot from the Oven ...AND INTO A FRUEHAUF

Next Thing You Know It's On Your Table!



IF YOU LIVE in Bridgeport, Toledo, Joliet . . . or almost any other city of about the same size . . . it's quite possible your daily bread arrived on a Fruehauf Trailer.

That's the case, for example, if the bread on your table is Silvercup. For Gordon Baking Company . . . bakers of Silvercup . . . depend on a fleet of 35 Fruehauf Trailers to deliver bread from their plants in New York, Detroit and Chicago to other metropolitan areas within an 80-mile radius of these cities. The Trailers each carry "a mile of bread" . . . 5,000 loaves . . . enough to supply 5 to 7 delivery routes.

MILK AND FLOUR, TOO

But delivering bread faster . . . and fresher . . . isn't the only job these Fruehaufs do . . . for, on the return trips, they also haul incoming materials to the bakeries. Gordon maintains its own milk processing stations at LaGrange, Ind., and Salamanca, N. Y. . . and from these points the Trailers come into the plants with full loads of milk.

On arrival back in Detroit or Chicago they haul flour from rail terminals to the bakeries. As many as 140 bags ride in one Trailer . . . that's nearly 20 tons . . . yet these big loads are pulled by trucks with a load-rating far below that figure. That's because any truck can pull, on a Trailer, far more than it is designed to carry!

LONG HOURS—LOW COST

These Fruehaufs get a lot of hard usage . . . 14 hours a day or more . . . 75,000 miles a year. Repair costs? Only lubrication, painting and nominal maintenance. Endurance? Many of the Fruehaufs in this fleet have outlasted 4 trucks!

The Gordon Baking experience is typical of thousands of others . . . in more than 100 different kinds of business . . . whose executives will tell you that Trailers do countless jobs that couldn't be done as well, if at all, by any other method.

World's Largest Builders of Truck-Trailers

FRUEHAUF TRAILER COMPANY • DETROIT

Service in Principal Cities

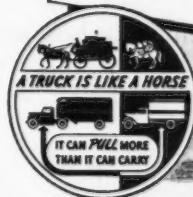
FRUEHAUF Trailers

**"ENGINEERED
TRANSPORTATION"**

REG. U. S. PAT. OFF.



Today's Bread Today—It's one o'clock in the morning . . . today's batch of bread is ready and loaded on a Fruehauf. By dawn the Trailer will be unloading its 5,000 loaves in another city 60, 70, or 80 miles away. Next thing you know, you may be having a slice of Silvercup for your noon or evening meal . . . today's bread today . . . thanks to the efficiency and speed of the Truck-Trailer delivery method.



The first Fruehauf purchased by Gordon Baking was a 1925-model Tank-Trailer for hauling fresh milk. This veteran unit is one of a fleet of 6 Fruehaufs doing duty at Gordon's La-Grange plant—20 years of service—and still on the road!

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Buffalo and the Niagara Frontier have abundant power at low cost. This has helped develop the largest electrochemical and electrometallurgical production area in the world!

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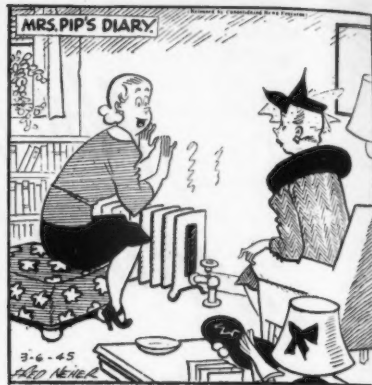
Member of Federal Deposit Insurance Corporation



MARINE TRUST COMPANY

Buffalo's Oldest and Largest Commercial Bank

JUST A MINUTE—Continued



"We never even considered going South this Winter. Instead, for one glorious weekend we turned the heat up to 75"

that Congress is determined to do what it can now to combat inflation and to provide for a sound fiscal policy."

We had not intended to quote so extensively. Read the entire statement on page 37.

That New Bank Building

ARCHITECT PERRY COKE SMITH's March issue article, "The Bank of the Future," is supplemented this month with a practical discussion by a bank equipment manufacturer. In "Planning a Bank to Make Friends," W. C. WILKINSON shows how, in the interests of good merchandising, banks can arrange their premises so that the customer is served with the greatest facility.

We also print excerpts from letters written by several bankers setting forth their views on what tomorrow's bank building should be.

Back With Jack

THE envelope wore the earmarks of the military, and BANKING opened it with the alacrity that is due communications from overseas in these days of great events and far-traveling correspondents.

Inside was another letter from our good friend, the Thrift Corporal, EDWARD JORDAN. This time he was reporting on the reopening of his company bank somewhere in Belgium. The story of this active and peripatetic financial institution is familiar to BANKING's readers, and they'll be glad to know that it is now (presumably) functioning with one of the American armies in the European Theater.

Corporal JORDAN pleased us particularly by remarking that he had presented a copy of September 1944 BANK-

(CONTINUED ON PAGE 11)

"Now we take an ordinary
sheet of Paper"



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prove paper work routines in all departments . . . open ways to consolidate many forms into one, saving time and motion.

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"Pennies and Seconds"
shows how Systemat duplicating can be used profitably by so many departments of business. Write us or phone local office for your copy.

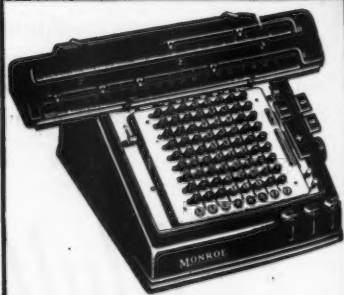
The collage features three overlapping financial documents:

- Checkbook (Left):** A check for \$1000.00 is visible, dated 12/27/77, payable to JIM ZIM. The check number is 10000-2000-.
- Pass Book (Top Right):** A "Pass Book balance verified as Saving Ledger Card is posted" is shown, with a balance of 1000.
- Journal (Right):** A "JOURNAL" page with columns for ACCOUNT NUMBER, CUP BALANCE, WITHDRAWALS, DEPOSITS, NEW BALANCE CARD, NEW BALANCE PASS BOOK, and FREE. It contains handwritten entries for various transactions, including a withdrawal of 2000.00 and a deposit of 1000.00.

Call the nearest Monroe Branch; a representative will explain Monroe features and advantages. Ask for fully illustrated booklet, "Three Machines in One." Monroe Calculating Machine Company, Inc., Orange, New Jersey.

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Monroe Bookkeeping Machines

STATEMENT OF ACCOUNT WITH

MONROE NATIONAL BANK AND TRUST COMPANY

Black Hardware Store, Inc.
101 North Main St.
BIRMINGHAM

CHECKS	DEPOSITS	DATE	NEW BALANCE
125.56- 35.00- 50.75-	34.45- 125.56- 225.75-	750.00 JAN 28	425.56
			587.32

JOURNAL

OLD BALANCE	CHECKS	DEPOSITS	NEW BALANCE
000	000	000 JAN 28	000
100.00	35.00-	40.00-	135.00 JAN 28
300.00	30.00-	25.00-	125.50 JAN 28
425.56	125.56-	75.00-	587.32
825.56			
732.64			
1000.00			
1093.42			

OLD BALANCE	CHECKS	DEPOSITS	NEW BALANCE
000	000	000	000
100.00	25.00-	40.00-	135.00
300.00	30.00-	25.00-	125.50
425.56	125.56-	75.00-	587.32
825.56			
732.64			
1000.00			
1093.42			

Monroe's exclusive "Proof Ray" gives dual proof with Single Posting



NOT DEPOSITED TO THE CREDIT OF

John Doe

MONROE BANK & TRUST COMPANY

PLEASE ADD EACH CHECK SEPARATELY

CHECK NO.	AMOUNT
100	22
101	27
102	27
103	27
104	27
105	27
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A PARTIAL LIST OF B T Co. SERVICES TO BANKS:

COLLECTION OF PAR AND NON-PAR CHECKS

COLLECTION OF NOTES, DRAFTS, COUPONS, MATURED BONDS AND OTHER ITEMS

TRANSFER OF FUNDS, REMITTANCES AND DOMESTIC MONEY ORDERS

CREDIT INFORMATION

COMMERCIAL PAPER PURCHASES

SERVICING LOANS TO BROKERS AND DEALERS

PARTICIPATION WITH CORRESPONDENT BANKS IN LOANS TO LOCAL ENTERPRISES

DEALERS IN UNITED STATES GOVERNMENT, STATE AND MUNICIPAL SECURITIES

INVESTMENT INFORMATION

RECEIPT AND DELIVERY OF SECURITIES

SAFEGUARDING OF SECURITIES

CONSULTATION ON PENSION AND PROFIT-SHARING PLANS

CO-PAYING OR EXCHANGE AGENT, CO-TRANSFER AGENT OR REGISTRAR, AND CO-DEPOSITARY

TRUST AND RESERVE ACCOUNTS

INTERNATIONAL TRADE AND FOREIGN BANKING FACILITIES



WHY MORE BANKS ARE USING MORE OF THESE B T Co. SERVICES

Services such as listed above highlight the scope of B T Co.'s banking for bankers.

These services and the many others for banks are organized under special departments. Correspondent relationships are supervised by officers assigned to cover each section of the country. Such specialized service explains why more banks are using more of these B T Co. services.

BANKERS TRUST COMPANY

NEW YORK

Member Federal Deposit Insurance Corporation

JUST A MINUTE—Continued

ing to the manager of the Bank of Brussels, who was "much pleased." The banker later told JORDAN he thought "the banks in America are at least 50 years ahead of the banks in Europe."

The letter in full appears on page 38 under the title "Go Back with Jack."

With it we publish a thoughtful letter from a soldier to a banker in Highland, Illinois. Its observations are pointed toward the post-war period. If you want some comments on what the home town can do to make itself a better place for living, read this simple, sincere statement of a serviceman's views.

A Word About Cattle

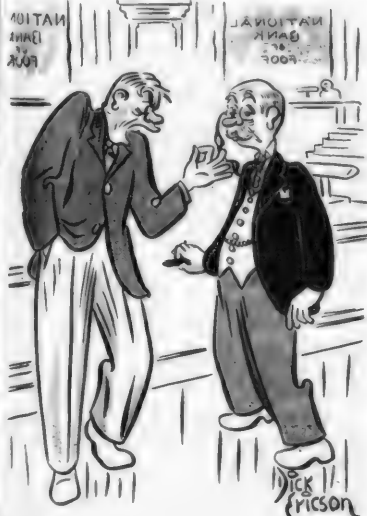
ONE thing leads to another, which accounts for the article by C. C. LEWIS, in our "Country Banker" section this month.

Mr. LEWIS is president of the Citizens National Bank, Point Pleasant, West Virginia. He is also senior member of C. C. Lewis and Sons, a firm that breeds milking shorthorn cattle.

Going through the January issue of this magazine, he found the article "A Farm Credit Banker Visits 'Rich Coast,'" by PHIL S. ECKERT, and was much interested because the Lewises had sold a bull to Señor BERNARDO R. YGLESIAS, head of the agricultural department of the National Bank of Costa Rica. That bank's active and progressive farm credit program was the theme of Mr. ECKERT's report.

Replying to Mr. LEWIS' letter ex-

"Canceling the conventions wouldn't be so bad in itself—but some banks had just begun sending women!"



HAVE YOU ADEQUATE CORRESPONDENT SERVICE IN THE WEST INDIES?



We offer a complete and well-informed correspondent service throughout the West Indies to banks with customers interested in this market. Specialized knowledge of our Managers, gained through long years of experience in the islands, is at your disposal.

Inquiries are invited

NEW YORK AGENCY—68 William Street, New York

Branches in—Cuba, Haiti, Dominican Republic, Puerto Rico, Antigua, Bahamas, Barbados, Dominica, Grenada, Jamaica, Montserrat, St. Kitts and Trinidad.

THE ROYAL BANK OF CANADA

HEAD OFFICE—MONTREAL

Over 500 branches in Canada . . . Assets exceed \$1,500,000,000

Property Facts Are Basic

The starting point for sound solution of problems of Income Taxation, Reconversion, Accounting, Insurance and Finance is an accurate knowledge and record of Property Facts.

**The AMERICAN
APPRAISAL
Company**

VALUATIONS • PROPERTY RECORDS
DEPRECIATION STUDIES

*There are many alternatives
but only one "Waldorf"*



**The
WALDORF-ASTORIA**

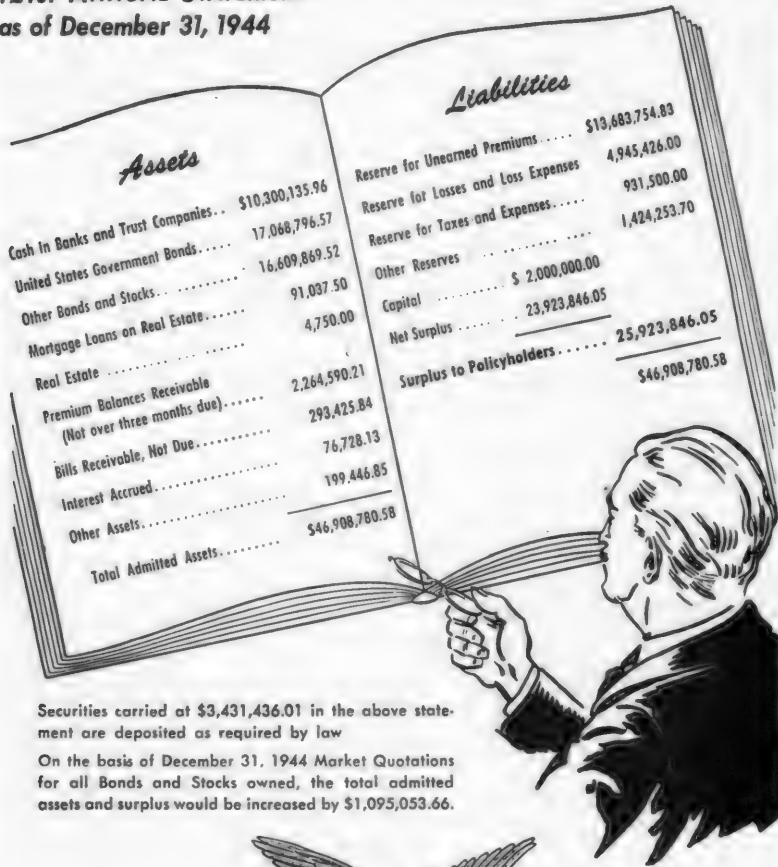
Park Avenue • 49th to 50th • New York
LUCIUS BOOMER **FRANK READY**
President Manager

A Friendly Suggestion

Repair and replacement cost is steadily rising.
 Fire losses have reached the highest peak in years.
 We strongly recommend that you review your present insurance status with your local agent who will gladly make a survey of your needs and submit his recommendations.

THESE RESOURCES PROTECT OUR POLICYHOLDERS

121st ANNUAL STATEMENT
 as of December 31, 1944



Securities carried at \$3,431,436.01 in the above statement are deposited as required by law
 On the basis of December 31, 1944 Market Quotations for all Bonds and Stocks owned, the total admitted assets and surplus would be increased by \$1,095,053.66.



UNITED STATES FIRE

INSURANCE COMPANY

ORGANIZED 1824

NEW YORK, N. Y.



"I wish the manpower situation would clear up. I don't think our self-service plan is working out!"

pressing his personal interest in the article, BANKING suggested that perhaps the West Virginia banker-cattle raiser would tell us something about his business of improving stock. He answered that although there was no direct connection between his cattle-breeding operations and his banking activities, he did have "some very decided views" on cattle breeding in its relationship to country banks.

"Bankers," he writes in the article, "would like to help farmers, but they do not always know how. Too often they follow the conventional rut and repeat the advice given by those who speak from ulterior motives or are tradition-ridden."

Here and There in 122 Pages

OTHER stopping places in this issue are: A report on the Bretton Woods bill hearing; one of MYRON STEARNS' interesting Secret Service factual stories; MILES L. COLEAN's second article on post-war home building; a report of the work done and planned by the Post-War Small Business Credit Commission, American Bankers Association; questions and answers about the new transit rules; the current instalment of BANKING's "Once There Was a Small Business" series; and the familiar (may we also say popular) "Country Banker" department.

Wanted

WE know a bank that's in the market for some locks for safe deposit boxes. It wants to get in touch with a bank that has old boxes for sale, the plan being to buy them for their locks.

Can anybody help?

JOHN L. COOLEY

BANKING

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*T*he even clearness of its "write," and the ease and speed of its action . . . its sturdiness, long wear, freedom from repair . . . and above all its amazing record of service during these high-pressure war years . . . give the Smith-Corona Typewriter a special place in the affections of its users.

SMITH-CORONA

L. C. SMITH & CORONA TYPEWRITERS INC. SYRACUSE 1 N. Y.





Why let these post-war loans

SLIP THROUGH YOUR FINGERS?

THERE'S an enormous post-war market shaping up right now for both "character" and collateral loans for buying new and used automobiles. And there's every reason why the large majority of these loans can—and should—be made by established banks under the "direct" financing method.

Agents of The American Insurance Group are being told today how they can help encourage this method of automobile financing. They are in a good position to do a good job in this direction, because they have personal contacts with the very people who will do the buying. (Almost every

future automobile purchaser carries insurance of one kind or another.)

Does the idea of "direct" automobile financing work? Very definitely! One Chicago bank made loans totaling \$21,000,000 in five years before the war. The Executive Vice President of that bank tells how in a booklet entitled "The Banker and The Insurance Man in the Auto Trade."

We'd like to send you a copy of this booklet with our compliments. Just write: The American Insurance Group, 15 Washington St., Newark 1, New Jersey.

THE American Insurance Group
1846

Newark 1, New Jersey

The American Insurance Company • Bankers Indemnity Insurance Company • The Columbia Fire Insurance Company • Dixie Fire Insurance Company • The Jersey Fire Underwriters



It takes an expert to run the whole show

*Put your post war construction problems in the hands
of an A.G.C. General Contractor*

This is Blueprint Time



When the war ends, peacetime construction—in needed civic and business improvements—can set the pace in the reconversion period and for our post war progress. It can provide the needed stimulus to business and employment in the transition from war to peacetime conditions.

But this construction should be planned in advance—and plans are not really plans in construction until they are actually recorded on a set of blueprints. **THIS IS BLUEPRINT TIME.**

This peacetime construction will also require the same methods of efficiency as were used in meeting the war needs—single responsibility and supervisory control which eliminates overlapping authority and unwarranted costs.

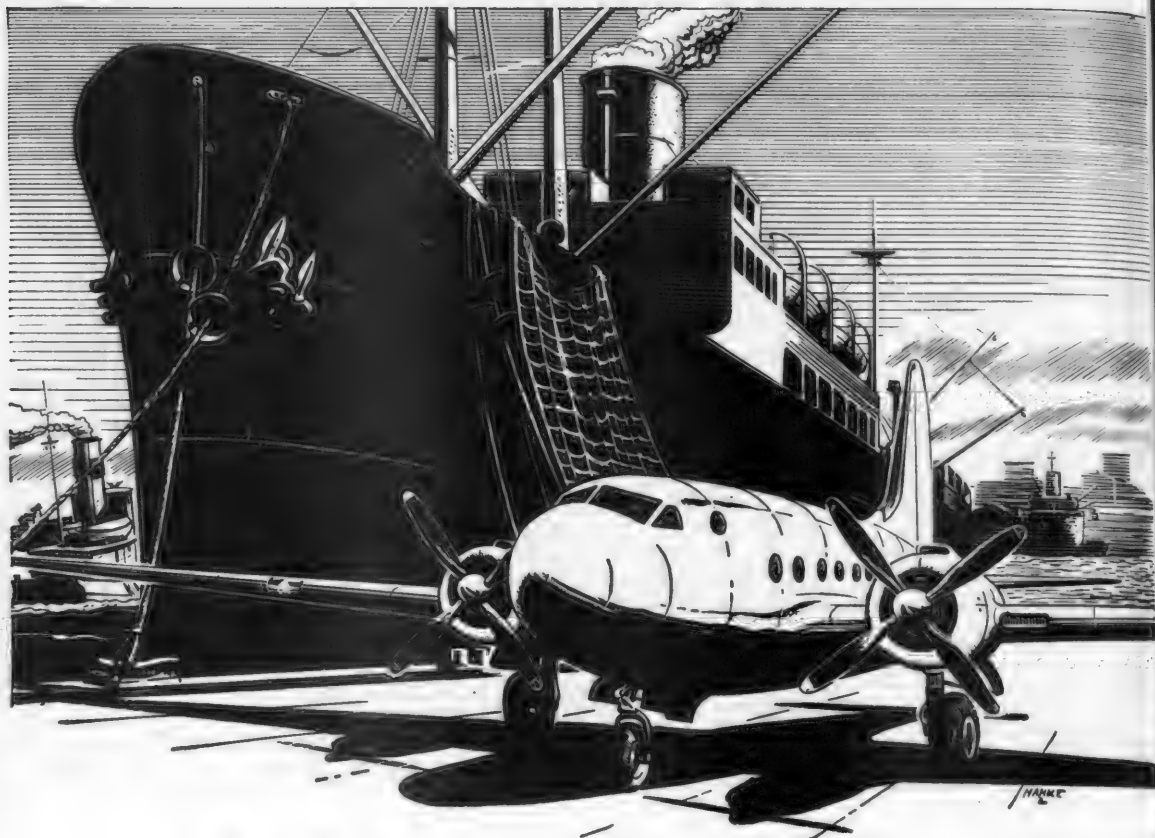
The A.G.C. seal identifies the general contractors who are qualified to run the whole show. They are qualified to take the blueprints and deliver the completed structure or facility, according to specifications and with maximum efficiency. They assume complete responsibility.

THE ASSOCIATED GENERAL CONTRACTORS of AMERICA, INC.

Ninety Branches and Chapters Throughout America
National Headquarters—Munsey Building, Washington 4, D. C.



SKILL, INTEGRITY AND RESPONSIBILITY IN THE CONSTRUCTION OF BUILDINGS, HIGHWAYS, RAILROADS AND PUBLIC WORKS

April 1945



Not Size . . . but potential revenue

Small against the sheer bulk of other carriers, an airplane is a giant when measured in terms of dollars it can produce. This point is well illustrated by the revenue for six months from 196 planes operated by airlines in the United States. These 196 planes produced \$66,478,848 in revenue from passengers, mail, express, and freight. While deduction of taxes and expenses left varying net incomes, the gross rev-

PLANE COST VS. ANNUAL REVENUE	
	\$95,000 Average Pre-War Cost
	\$675,000 Demonstrated Gross Revenue

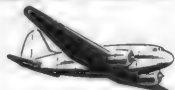
enue indicates that a 21-passenger transport, at a pre-war cost of \$95,000, has a demonstrated capacity to produce approximately \$675,000 gross income per year.

In thinking of coming air expansion, then, it is the *work capacity* of air transports, not their numbers, which must be considered. While

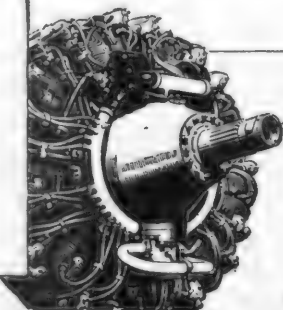
hundreds of planes may be needed by a transoceanic and transcontinental line, a half dozen planes may provide adequate, profitable service to a feeder line area covering 100 communities.

With large or small fleets, however, high gross income calls for high efficiency. Wright Cyclone engines give that efficiency, plus a payload bonus due to their lighter weight in pounds per horsepower, low fuel consumption and ease of maintenance.

THE SHAPE OF PLANES TO COME



On all types of air routes you will see the Commando, another of the Cyclone-powered transports for your air travel. Medium-range, high-speed transport, built by Curtiss, it carries 36 passengers at 242 miles per hour. Its power: two Cyclone 18's of over 2,200 horsepower each.



—CYCLONE ENGINES PAY THEIR WAY—

WRIGHT

AIRCRAFT ENGINES

WRIGHT AERONAUTICAL CORPORATION
Paterson, New Jersey, U.S.A. A Division of Curtiss-Wright Corporation

Strange Money

NATIONS in every part of the world have contributed to the rapidly-growing collection of paper currency, including "invasion money," owned by B. J. Lazar, vice-president in charge of the Cincinnati Branch of the Federal Reserve Bank of Cleveland.

With more than 50 men and women of the Cincinnati Branch in the armed forces, many of them in foreign lands, Mr. Lazar's collection has grown by leaps and bounds during recent months and now numbers in the thousands of specimens. Early this year 72 foreign countries were represented.

Every so often Mr. Lazar gets a letter which starts something like this: "The moment I saw the strange money enclosed, I thought of your collection." One of the biggest thrills in the life of a numismatist comes when he learns someone in far-off Africa, China, New Guinea or some other place on the globe has taken time out to remember him and his hobby.

The Japanese Government probably is the most prolific source of paper invasion currency. It has printed and distributed untold tons of paper guldens, rupees, dollars, cents, pesos and centavos such as those illustrated. Wrote

Lieutenant Cletus Palmer, a Cincinnati Branch service employee, from the Philippines:

"The barter system is much more effective here than money. You can get your clothes washed and pressed for an undershirt or a towel. I enclose several pieces of Jap invasion money; it is worth exactly nothing. They passed it out pretty freely among the natives for their labor, but when the natives tried to buy anything, the Japs refused to accept it."

THE autographs of Secretary of the Treasury Henry Morgenthau and W. A. Julian, treasurer of the United States, are shown on the yellow seal "spearhead" silver certificate at the bottom center of the currency pictured. Beneath it is a brown seal \$1 silver certificate, Hawaiian series, "short snorter."

Two designs of Allied military currency in lire are shown. Series 1943A indicates that a revision has been made to discourage "raising." Printed in the German language appears "Allied Military Eine Mark." For purposes of computing the pay of troops, a provisional basis of 10 marks to the dollar is used.

Three days after he mailed the color-

ful bills of France and Morocco, shown at right, Lieutenant Robert Stapleton of the Cincinnati Branch was reported missing when his plane went down over Germany as a result of enemy action.

In the lower right section of the display is shown the obverse of a note of The Central Bank of China, one customs' gold unit, and to the right of it, the reverse of a five customs' gold unit note issued by the same bank.

Last Fall, when the Ninth Army captured Aachen, one of the boys made a bee-line for a curio store where he obtained the five-million-mark note of the City of Aachen, issued in 1923, during the German inflation period. A large part of Mr. Lazar's collection came from several merchant mariners who have circled the globe several times.

For many years a member of the American Numismatic Association, Mr. Lazar was one of the founders of the Cincinnati Numismatic Association and its treasurer for 10 years. His collection of "depression scrip," as emergency money of 1932-33 is called, is one of the largest in the United States.

LARRY LANDIS, Editor,

"Federal Reserve Notes,"

Federal Reserve Bank of Cleveland

Part of Mr. Lazar's collection



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Hawaii

PACIFIC PARADOX



A land of breath-taking beauty is one of America's fastest growing trade centers!... It's true; the war has wrought an almost unbelievable change in Hawaii, and particularly in Honolulu. Manufacturers who once thought of our Pacific Paradise as but a tourist's delight can no longer ignore the present and post-war possibilities of this area! Retail sales in our community of a half million persons were a third of a billion dollars in 1943, increased 20% in 1944.... Nearly every product used in the mainland United States has a market in Hawaii, U.S.A. Give your line a bright future in the Pacific by contacting R. A. Howe & Co.... We are a long-established firm representing many leading products. Our personnel, warehousing facilities and showrooms are adequate. Let us tell you more about Hawaii and plans for distribution in the Central Pacific, China, the Philippines and East Indies.

R.A. HOWE & CO.



Hawaii

816 FORT STREET • HONOLULU, HAWAII • U. S. A.



By the Way

What a recent Senate committee was trying to do in investigating certain shipyards was to show the difference between labor and work.

Strange how they have to introduce bills in the House. Ours come to the house the first of each month without introduction.

Only time will tell whether Mr. Churchill is better at righting history than writing it.

Some of our so-called "top-flight" thinkers are telling us that the world will get either peace or war out of this war. Remarkable vision, we'd call it.

Sign on furrier's shop: "Fur coats made with your skin or our skin." Many a husband understands that sign.

One of the great economic delusions of our time is that war trumpets and horns of plenty harmonize for the people of a nation.

The average man is torn between the desire for the millennium and a return to just plain normalcy.

The pessimists who always expect the worst look like they may finally be right.

In their search for raw materials and substitutes we wonder whether the manufacturers of breakfast foods ever thought of the possibilities in tree bark.

It's getting so a crook can't afford to steal a car unless the gasoline tank is filled.

Daylight saving just makes some people tired an hour earlier.

We think the next idea the world planners ought to work on is to find a plan by which the debts of each nation will be paid by someone else.

Bolts never hold a political party together.

If Roosevelt, Churchill and Stalin want to rehabilitate Europe after the war, all they have to do is encourage tourist travel and let nature take its course with the help of European shopkeepers.



Blueprint of Happiness

THIS year you probably will not experience the great thrill that comes from poring over the blueprints for a home of your own. But we can tell you that your postwar home will be well worth waiting for!

● ● Yes . . . and today, while you're investing in War Bonds to help crush the Axis, remember you're also creating a nest-egg that will finance that home when you're ready to build it!

● ● The techniques of functional design and compact construction which enabled Defoe to build 137 fighting ships for the Navy since we entered the war, will be turned to producing quality-built homes after Victory. In ad-

dition to the economies of volume production, these new homes will introduce concepts of beauty, comfort, and livability heretofore unknown in their price range—plus individuality of design and exterior treatment.

● ● Today, like ourselves, you have the double duty of performing your war-time task and buying your limit of War Bonds to hasten Victory.

● ● But *you* and *we* may both plan ahead around these scientifically designed homes that not only will offer greater dollar-for-dollar value to home buyers but will also contribute to better American living standards and full employment.

COPR. 1945 DEFOE SHIPBUILDING CO.

HOUSING DIVISION — DEFOE SHIPBUILDING COMPANY, BAY CITY, MICH

Defoe

BACK THE ATTACK
—BUY WAR BONDS

SHIPS FOR VICTORY
SERVANTS FOR PEACE

Four White Star Renewal Citations now decorate the Navy "E" Award won by Defoe workers.

Simple Suggestions for More Attractive Wall Design Treatments with Douglas Fir Plywood

No. 2 of a Series

Illustrated below is another of many wall design treatments possible with Douglas fir plywood. In this instance, a two-panel treatment is used, with panels in horizontal arrangement. Vertical joints should be used at each side of top of doors and at top and bottom of windows as shown in diagram. In cases where the width of the wall is 10 feet or less, however, panels may be run horizontally with the openings

cut out (Note B in diagram).

In all cases, follow this basic rule: start at the openings with vertical joints and divide the plain wall spaces in an orderly pattern for the most pleasing effect. If special patterns, or patterns made up of small panels are desired, the most satisfactory method is to

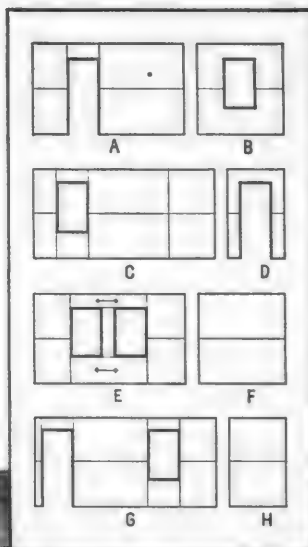
sheath with $\frac{1}{8}$ " or $\frac{3}{8}$ " Plyscord placed horizontally and apply the finish panels (Plypanel or Plywall) as desired. For technical data on these various grades, see Sweet's File for Architects.

**DOUGLAS FIR PLYWOOD
ASSOCIATION**
Tacoma 2, Washington



**CAN PLYWOOD BE SPECIFIED NOW
FOR POSTWAR USES?**

The increased capacity of the industry will make **MORE** Douglas fir plywood available for civilian consumption **THAN EVER BEFORE**, as soon as the needs of the armed services lessen or war restrictions are lifted. There will be no reconversion delays; the same types and grades of Douglas fir plywood that are now being made can flow immediately into peacetime building and construction.



WORKING TOGETHER ON WARTIME ACCOUNTING



Burroughs systems and installation men have been working constantly with officers in the armed services, government officials and war plant executives—helping them to find ways to handle all types of accounting with the greatest saving in manpower—helping them to adapt their Burroughs equipment to changing conditions and an increasing volume of work.

There are many reasons why Burroughs has been best qualified to help during the trying war years. The Burroughs field staff has had years of intensive training in machine accounting, and a broad, diversified experience. Information services, with current, practical machine accounting information, are maintained in all Burroughs branches. Burroughs' headquarters staff coordinates the total effort so that all Burroughs men are promptly informed of new, improved methods.

Burroughs is ready at all times to help you make the fullest use of the Burroughs equipment you now own.

BURROUGHS ADDING MACHINE CO., DETROIT 32

1st Burroughs

IN MACHINES • IN COUNSEL • IN SERVICE

FIGURING, ACCOUNTING AND STATISTICAL MACHINES • NATIONWIDE MAINTENANCE SERVICE • BUSINESS MACHINE SUPPLIES

IS THIS TRIP NECESSARY?



TAKE it by and large, the No. 1 headache of modern business is wasted time.

Messengers, clerks and executives traipse around correcting what could have been done right the first time by clear instructions, clearly transmitted.

Your business forms *can* be efficient. They can speed up the writing of hand-written records as much as 172%, of machine-written records, 95%. They can reduce confusion, overlapping, the

cost of tedious routine. *They can be custom-built to save you thousands of hours yearly!*

The nine companies listed below have long been under Moore ownership. Now they combine under the Moore name—forming the largest company of its kind in the world. For the first time, a fund of experience so diverse as this is available *on a nationwide scale*. Moore goes every step of

the way for you, from preliminary studies to actual printing in lots of hundreds or millions.

The Moore specialist who is ready to consult with you speaks the language of your own business. Let him demonstrate now how Moore business form engineering and printing can show results. Get in touch with the Headquarters of your nearest Moore division, as listed below, or its local office.

AMERICAN SALES BOOK CO., INC., NIAGARA FALLS; ELMIRA, N. Y.

PACIFIC MANFOLDING BOOK CO., INC., EMERYVILLE; LOS ANGELES, CALIF.

GILMAN FANFOLD CORP., NIAGARA FALLS, N. Y.

COSBY-WIRTH MANIFOLD BOOK CO., MINNEAPOLIS, MINN.

MOORE RESEARCH & SERVICE CO., INC., NIAGARA FALLS, N. Y.

SOUTHERN BUSINESS SYSTEMS, INC., ORLANDO, FLA.

In Canada—Moore Business Forms, Ltd., succeeding Burt Business Forms, Ltd., Toronto;
Western Sales Book Co., Ltd., Winnipeg and Vancouver;
National Sales Check Book Co., Ltd., Montreal

MOORE BUSINESS FORMS, INC.

ADV. BY H. W. AYER

Once There Was a Small Business

ONCE there were two brothers," began the banker. "Is that what you want?"

"Yes, yes, go on," said BANKING, eagerly. "What did they do?"

"Well," continued the banker, "they made leather jackets in Austria. That was some years ago, when things were more or less normal in Austria, of course."

"Of course," agreed BANKING.

"They had a successful business—in fact, were doing very well—when along came the year 1938 and political trouble and numerous things that complicated the leather jacket business. So the brothers, with their families, did just what you and I would have done under the circumstances. They said good-bye to dear old Austria and slipped away to (of all places!) the United States. With them went a little of their money, all their ability and a great deal of experience.

"Why they came to the Middle West or to this city, I don't know, and it isn't material to the story. But here they landed. As soon as possible they filed applications for citizenship. Things were popping back in the old country, and maybe they weren't glad to be away from it all.

"Well, they put their small amount of capital into the goods and equipment that were needed to start them in the only business they knew — the making of leather jackets. It was on a very small scale, naturally, but the first year saw some progress made — you know why: they were frugal, cautious, skilled and willing to take it easy.



"One day a customer of ours brought the brothers into the bank.

"I think you ought to know these men," he told me. "And I'm sure they should know you. They need some help, and they deserve it, in my opinion. See what you think."

"He introduced me to the brothers. I won't name them, because we aren't mentioning any names in this story. But I can say frankly that I wasn't very

much impressed. One's English was very sketchy, the other's almost a total loss. Their final citizenship papers weren't ready. Also, their capital was very meager.

"However, we didn't say 'No' that day. In fact, we said to come back in a few months with figures about the business and we'd see if something couldn't be done.

"When this progress report was made, it looked so good that a loan officer decided he'd run over to the little leather plant and have a look. He was quite impressed. The setup was something like this: One brother was selling while his wife kept the books and worked in the plant. The other brother did the designing and cut the leather while his wife worked in the little factory and a son held down the job of shipping clerk after school. All were scraping along on small salaries.

A look at the books showed that many orders, from good retailers, were waiting to be filled.

"When the officer reported back to the bank we talked the situation over and decided to start financing the business in a modest way. We set a limit on business that could be booked because in that line orders come early in the Spring for Fall delivery, and we couldn't let the brothers use all their available credit too early in the year.

"We made a small loan. As leather was received it was left in a terminal warehouse until needed at the plant (it was necessary to cover sales through early purchase of leather). We loaned against warehouse receipts; then, as goods were shipped, we advanced funds against assignment of the receivables.

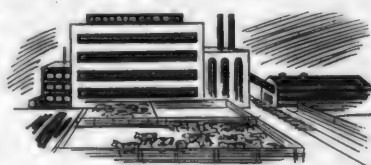
"Given the capital to permit free operations, the success of the business soon became apparent. The brothers knew their field thoroughly, had learned frugality the hard way, gave us confidence in them.

"The upshot of it has been that during five years of operation this business has given the principals a good living, and they have built their working capital to a point where bank credit isn't needed, at least while retailers are willing to take the finished merchandise and pay for it promptly.

"The partnership now has a net worth of over \$100,000. Needless to say,

these brothers are loyal boosters for the bank and maintain a worth-while account."

HERE's another story maybe you can use. This is about a local boy (yes, he made good!) who wanted to open his own meat packing plant. He'd had considerable experience—20 years, in fact—in the business, knew practically every phase of it, and finally decided to go on his own. So he scoured the country looking for a plant. Finally he found one for sale in a midwestern town.



"It was a run-down sort of place, and other packers had passed it up with hardly a second glance, but this friend of ours had vision, I guess, and saw possibilities the others had missed. Anyway, a corporation was formed to take over the property and about \$150,000 was invested in it. This was in 1931.

"The first year the plant was cautiously operated, for the company wanted to feel its way and get set for the better times that seemed to be ahead. The management talked to us about a \$50,000 credit, and we gladly made the loan because we had confidence in the ability and integrity of the management.

"That year saw a sales volume of about \$1,000,000 with a satisfactory profit margin. Succeeding years showed continued progress, and by 1939 sales volume had reached \$5,000,000. During that time we had extended liberal credit, having gone as high as \$200,000. Also, we made periodic calls at the plant and offered every assistance.

"In 1941 the company launched a building program to enable it to handle the increased supply of livestock for which it already had outlets. We were called in to help finance the expansion, and a sizable term loan was arranged. It was subsequently twice increased to permit further growth. By that time the company had a well-integrated plant, with a capacity of more than a million head of livestock a year and sales volume many times larger than the 1939 figure.

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"Not only did we see this phenomenal growth, but we helped bring it about by giving liberal credit when needed. In fact, at one time the company owed us as much as \$1,200,000. Its net worth today is over \$1,500,000."

THE banker interrupted himself. "Had enough?" he asked.

"No," said BANKING. "Tell us a good success story about a young man who ran a two-bit investment up to a million dollars."

"Can't do that," the banker laughed, "but will you settle for one about a chap who boosted a \$700 investment to \$160,000 in a few years?"

"That," said BANKING, "is what we're here for."

"It's a short story," the banker resumed, "and it's about a pharmaceutical company owned by two men who operate it as a partnership. They started in 1940 with a capital of \$700. Early the next year they asked us for \$2,000 and we let them have it. At that time the plant—it makes vitamin tablets—was housed in a small building



that looked like a broken-down garage. The equipment consisted of four second-hand machines.

"Sales in 1941 were \$37,000. The business showed remarkable growth; I'm not going to trace its progress year by year, but on March 31, 1944 the investment was \$160,000 and sales were slightly under a million.

"Bank credit was made available to these partners as they needed it. Our assistance, supplementing their thrift, courage and close application to business, made possible a sound enterprise."

HERE'S one about a cottonseed oil mill. Organized in 1935 by men thoroughly experienced in that line, the business was ideally located in the heart of a rich agricultural section and gave great promise of success.

"In the Autumn of 1935 we were asked for a loan to help the company finance the coming seasonal rush. The financial statement showed little or no working capital, but the business did have a plant, of course, and other facilities for operating. After carefully considering all the factors we extended a credit of \$120,000 of which \$20,000

(CONTINUED ON PAGE 29)

BANKING

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Small Business

(CONTINUED FROM PAGE 24)

was unsecured and the balance on warehouse receipts covering cottonseed and cottonseed products.

"With one exception, every year thereafter satisfactory profits were reported, and today the company has a comfortable working capital.

"We have supported this business wholeheartedly, increasing the open credit as needed. As a reward we have a loyal customer holding an important place in its field."

LET'S end this bit of professional storytelling with a few words about a greeting card business.

"The owner started it in 1928 as a side-line. Losing his regular job a few years later, he gave all his time to the card business which, he found, was already husky enough to support his family. He sold principally Christmas greetings, placing them with 150 or 200



persons who peddled them during spare time.

"The business grew gradually, and about 1937, as a means of avoiding seasonal fluctuations, a line of 'occasion' cards was added and volume rose to \$22,000. The man rented rooms in a downtown office building for office space and stockroom.

"Then one day he realized that he needed bank credit. We began by letting him have moderate amounts on assignment of cash value of his insurance policies. Then, as the business continued to grow and profits were accumulated for working capital purposes, the risk warranted credit on an unsecured basis. In 1941 volume had risen to \$97,000 and larger quarters were necessary. The same year the owner bought out a competitor for \$5,000, and to finance that transaction we made a loan of \$3,500.

"In 1943 a larger plant was necessary and the business moved to another building. By this time the inventories were running between \$50,000 and \$60,000, and sales volume had swelled to \$236,000 on which \$26,000 in profit was realized before taxes. The 1944 profit was around \$350,000.

"The company continues to borrow from us for seasonal requirements."

J. L. C.



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The Paris Office of this Bank has returned to its former quarters in the historic building known as Hotel de Coislin, at No. 4 Place de la Concorde.

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A 365-Day Bank

This article is reprinted from the MINNEAPOLIS STAR JOURNAL, to whose staff the writer, GEORGE GRIM, has returned from China, where he was director of foreign broadcasting for the Chinese Government.

CHUNGKING has one of the strangest banks I have ever seen. It offers a rather unusual set of services.

It all started when Hsiao Tseng-Ying, a Chinese Government official, went on a tour of 20 countries. That was before the war. Everywhere he went, Hsiao kept his eyes and his mind open. In the United States, he was engrossed with the banks and the way they did business.

In China, many banks treat customers as debtors. There is little of the friendliness towards the depositor that Hsiao saw in America. When he went back to China, he tried to remember all the things that used to disturb him as a depositor. With these in mind, he opened his bank.

First, he declared it a 365 days-a-year bank. Chinese business goes on every day in the year, he reasoned, and what is business without a bank?

More than that, it doesn't close at 2 or 3 or 5 P.M. When I left Chungking, it was open until midnight every night.

THE bank will send money to where you are. You don't have to go to the bank. Suppose you need cash. Just telephone and a messenger comes right out with the money. You put your chop—your signature stone—on the slip, the messenger hands you the money.

This we-bring-the-bank-to-you service has already attracted more than 2,000 depositors. But Hsiao is proudest of his school department.

When I saw him in Chungking, there were 13 middle schools—junior highs—doing business with the bank. Two colleges were also on the books. These are private, pay schools, as are most schools in China above the primary grades.

At the end of each of the three semesters, most of these schools start running out of money. Hsiao says you can't just close down a school because the money has run out—so he stakes them until the beginning of the next term and the arrival of checks and cash from the parents of the students. He charges no interest for this service.

Friendliness is another banking attribute he picked up on his inspection tour of United States banks. You can sit in Hsiao's bank and have a cup of tea, take a little rest.

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MANY research projects and experiments have been originated by Beech engineers since 1932. The results of their willingness to explore new fields are notable. The unique negative stagger Beechcraft biplane, long outstanding in its power class, is one. Another is the Model 18 all-metal twin-engine Beechcraft feeder airline and executive transport, an airplane which since 1936 has made such a record that thousands of these planes serve the armed forces as advanced trainers and personnel transports all over the world.

Since 1941, research at Beech Aircraft has had as its purpose the creation of improvements in aircraft designed for military use. Most of this research cannot be described, for obvious reasons. Something can be told, however, about the experi-

ment pictured above—an AT-10 Beechcraft advanced trainer equipped with a unique two-element empennage which replaces the conventional tail group. Its successful flight tests have shown interesting possibilities.

Whether or not this particular experiment proves practically useful is unimportant. What does matter is the spirit behind such research—an aggressive exploratory spirit that is not confined by tradition and convention but is free to operate anywhere within the boundary of sound engineering principles. The Beechcrafts of the future undoubtedly will reflect the gains attained through such a program, and will offer to their owners, whether military or commercial, an extra degree of performance and value.

Beech Aircraft

BEECHCRAFTS ARE DOING THEIR PART



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BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

APRIL 1945



"Psst! Joe sent me. Where do I leave this?" (Many banks, says Mr. Wilkinson, still appear as if built to keep people out)

Planning a Bank to Make Friends

J. C. WILKINSON

MR. WILKINSON, *president of the Upper Darby (Pennsylvania) National Bank and head of the Wilkinson Equipment Company, Philadelphia, continues the discussion of "tomorrow's bank," begun last month by Perry Coke Smith, architect.*

INTO the discard, along with stagecoaches and buggy whips, must go the old-time concept of the bank as an exclusive club for privileged characters.

Off with the old, then, and on with the new. But what is the new concept of a bank? A financial branch of the post office—as some promoters of planned economy seem to dream? Heaven forbid! New developments, however, cannot help but impart to a bank the character of a quasi-public institution, what with ration banking, government bond service, GI loans and FHA mortgages.

Neither can one blame the workman with his War Bond or the butcher with his ration account, for regarding the bank as a government agency from which he can demand prompt and special service. To the returned veteran, also, the bank is often just another official bureau, another arena wherein to battle for merited GI rights. The applicant for a T-loan or FHA mortgage has much the same approach.

Yet these visitors should receive a friendly, cordial welcome. Their requests should have careful and prompt attention—even those which can't be granted. Isn't it good business to have these people leave with the desire to return as a depositor and customer of the bank that treated them so well?

Banks should open their doors and their hearts to the whole community—for community service pays! Despite

this, many banks still appear as if built to keep people out. Barred windows, tellers hidden behind impregnable partitions, officers caged in private cubby holes—all seem to say, "Keep Out." No wonder the public acts accordingly.

Why are these barriers necessary? Cash, securities, and valuable records are locked in the vault at night. Nighttime prowlers can do no more harm in a bank than in any other commercial office. It takes much time and equipment to break into even an ordinary bank vault, as some bankers discover when the time lock fails.

New floor plans for banks, and new low screen designs, are doing wonders in eliminating this fortress complex. Entering a modern bank, the customer has a complete view of the entire room, without obstructing partitions or barriers. He can see if the officer he wants to interview is free. He can choose the teller with the shortest line waiting.

Use of the bank as a downtown meeting place can make many friends. The bronze eagle in John Wanamaker's Philadelphia store, a favorite meeting place for Philadelphia's grandfathers and grandmothers, still serves as a rendezvous for their grandchildren. Sales made in the eagle's vicinity have paid his board many times over. A small room in the local bank, set aside as such a meeting place, would bring equally desirable results.

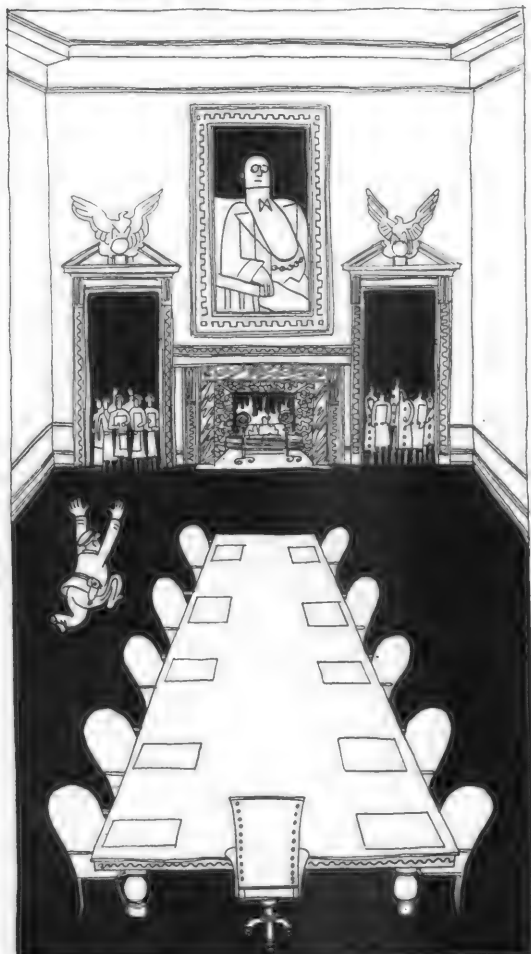
An ideal floor plan is the center lobby design, with a room width of 45 feet or more. A vestibule or revolving door forms a center feature at the front; the space to one side can be used as the meeting place mentioned above. The space on the opposite side can be separated by a low

partition and made into a semi-private office or conference room.

The entire banking room should be open. No partitions or divisions more than four or five feet high are needed. Paying and receiving tellers can be arranged along one side of the room, followed by savings windows, Christmas Clubs, mortgage and loan payments. Tellers' counters are low and friendly. The teller can greet the depositor with freedom and friendliness—without compromising safety and protection in any way.

The many variations of the low style screen permit selection of the design best suited to the individual bank. One feature always popular is the wide ledge. Appreciated by both men and women depositors, it will accommodate a package, brief case or handbag, leaving both hands free for taking care of the deposit. Placed six to ten inches above the ledge is a wide top shelf which can be continuous along the entire front of the tellers' counters, with the teller using this upper surface as a deal plate. A bronze grille or glass rail with wickets, placed on top of the shelf, can furnish additional protection. Future design will frequently omit this rail

"No, no! You can't hold your meeting here. This is our board room!" Mr. Wilkinson asks why the room can't be thrown open for "public use by the community"



or grille and use a rolling steel curtain to cover the teller's counter when he is absent from the cage. This would protect his cash at all times and tend to eliminate customary teller's enclosures and substitute a short separating partition between tellers. The wide top shelf affords protection for the teller's funds while he is working. Fluorescent light fixtures under the shelf provide ample illumination for the tellers' counter.

The design can be adapted with the top shelf being broken at the wickets and the wickets extending to the countertop, thereby meeting the objection of tellers who do not wish to lift money to the top of the upper shelf. If it is felt that these designs are too extreme, the so-called semi-low screen design has wickets and glass superstructure up to a height of 68 or 70 inches and affords ample protection.

The rear working counter should be about 25 inches deep, starting nine inches under the top shelf, providing safe counter storage for coin and silver. The remaining counter extends about 16 inches to the rear of the shelf. This provides work space in the center and space for coin machine and adding machine on the sides. The customary cash drawers with trays are used for active work. Extra drawers hold reserve wrapped currency and supplies.

A small safe with combination lock can be used in each teller's cage to very good advantage. It accommodates reserve currency, and a daily supply of wrapped coin. This last can be left in the safe at night with little hazard, thus eliminating the laborious task of moving it back and forth to the vault twice a day. All currency is taken to the vault at night and all spare silver kept in the vault at all times. Therefore the modest amount of silver left in the tellers' safes at night should not affect insurance rates.

THE vault and safe deposit department can be placed in the rear, opening directly to the center of the lobby. Coupon booths also can be of low style design, as these afford ample privacy. In fact, many boxholders prefer the convenient shelf booth. In larger banks the safe deposit department can be moved to the basement, with access by a center stairway, thus freeing the rear of the banking room for use by other departments.

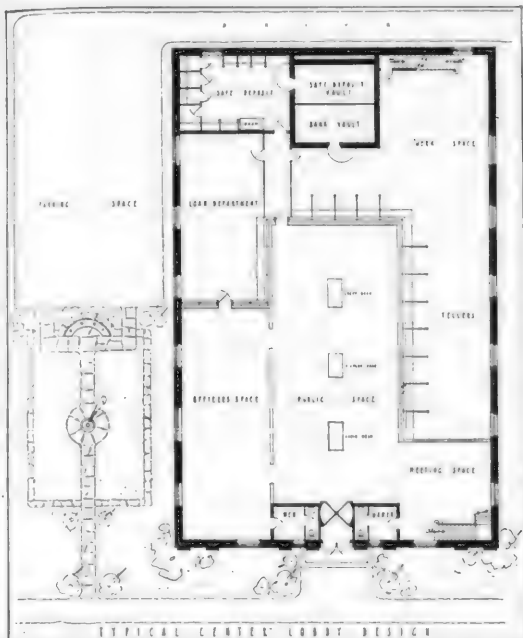
The center of the public space accommodates check desks (with fountain pens kept filled!) and display cases for various purposes.

Officers' space occupies the other side of the room, separated from the public space by a low rail only. Even the swinging gates now are often omitted. Officers' space should be entirely open, without inside divisions or partitions. This permits varied arrangements of officers' desks, and optimum space utilization.

Low rails afford officers a clear view of the entire bank. They can see signs of growing congestion at tellers' windows, observe any difficulty or unpleasantness which may arise, and exercise a degree of control impossible under the limited visual conditions imposed by old fashioned high partitions.

A narrow building can be designed with the meeting space at the front, tellers along one wall, check desks and display cases on the other wall. Officers' space and safe deposit department can be arranged at the rear,

A Pleasant Place To Do Business



"An ideal floor plan is the center lobby design." In the public space are two check desks and a display case

again allowing the officers an unobstructed view of banking operations.

Layouts with low screens permit lower ceilings. In contrast to the vaulted cathedral motif previously so popular, modern bank structures run to two or three stories, with detail work performed on the second or third floor.

The average bank board room is considered a holy of holies. Used for an hour or so weekly or monthly, it maintains its aloof splendor at all other times. Why not dispense with the large formal table and the dignified phalanx of chairs? Give the board room the atmosphere and feeling of a library or club lounge. Small desks will do for the chairman and secretary. Easy club chairs or divans with end tables are perfect for the other members. Result: a pleasant, restful atmosphere suitable for deliberative meetings in comfort.

And why not throw the board room open for public use by the community: the Red Cross committee, the War Loan committee, the library or hospital drive, and numerous other groups which can use such a room for civic welfare? It's a small outlay for a large investment in community leadership!

Another suggestion: install display cases in your lobby or arrange display space in your front windows. Make these facilities available on a weekly rotation basis to local manufacturers, committees for fund drives, historical societies, Boy and Girl Scouts, or other civic activities. This step will interest your customers, and will prove of immense value in public relations.

At practically no expense, the bank can offer quarters to other deserving activities. Some banks even find it

(CONTINUED ON PAGE 116)

IN BANKING for March, Perry Coke Smith, New York architect, discussed "The Bank of the Future." For the preparation of his article Mr. Smith had the assistance of ideas expressed by 23 forward-looking bankers, scattered across the country, as to the *results* they would expect from a new or remodeled bank building after the war.

Almost unanimous, you will recall, was the assertion that the bank structure must, as one banker put it, reflect the place banking occupies in our social structure. In other words, it must be designed to serve the customer rather than to impress him. Let it express warmth, friendliness, a desire to step forward and shake hands. Give the bank plenty of light and a minimum of marble. Do away with cages and bars. Make the lobby interesting and homey. Let the bank be a pleasant place to do business.

The bankers' replies to our request for their views on the modern bank building reflect careful, constructive thinking, and indicate that the subject has been on bankers' minds for some time. Excerpts from a few of the letters were published with Mr. Smith's article. BANKING feels, however, that the ideas and suggestions deserve fuller publication than could be given them last month, so we here present a condensation of several.

* * *

WE START with banks that are already putting their ideas to work.

"In line with J. P. Morgan's admonition that 'Banking must be done with glass pockets,'" wrote a West Coast banker, "our new branch, now under construction, is based on the precept that the more the people can see, the better off we will be.

"The entire front of our branch building is glass, giving the passerby a full view of the services available to him inside. Huge columns and narrow, barred windows are purposely avoided.

"Inside, the bank has a low, full-vision counter screen, permitting teller and customer to meet on a personal, friendly basis. At the rear, the branch owns a huge parking lot with a direct entrance to the lobby. The building has a sound-resistant ceiling, recessed lights and other modern improvements."

Here's one from a bank that plans to erect three new branch buildings as soon as conditions permit.

"We're undertaking to make them as open in appearance from the outside as any retail store," says the president of this southern institution. "We are seeking to break down the feeling that one must get through an iron wicket set in formidable stone walls. Rather, we hope that people will be able to look through transparent glass walls and see what goes on inside as readily as they can in any retail establishment.

"On the inside we are seeking to suggest warmth of

(CONTINUED ON PAGE 118)



A "Share the Loan" Idea Abroad

Making Bren guns in England early in the war

F. BRADSHAW MAKIN

BANKING's observer in England here reports on two new credit groups designed to help British industry rehabilitate itself quickly.

SINCE the writer contributed to *BANKING's* June 1944 discussion, "The Coming Test of Private Credit," many brave words have been uttered in Britain on the question. Bankers as a whole made public their desire to assist industry, particularly the small man, with the provision of adequate credit facilities, but with the important proviso that the old orthodox lending policies were to be maintained.

The press publicity undoubtedly misled many people into thinking that credit would be available on terms hitherto unknown. There has, of course, been a rude awakening, and some disgruntled borrowers have felt ill treated. Actually, however, no reasonably sound proposition is turned down by British bankers, who are still anxious to lend providing there is sound security and satisfactory repayment terms. As an important bank officer said to the writer recently: "We can't afford to risk our depositors' money in any kind of untried or hare-brained scheme; neither are we prepared to put up the whole of the money required. We are willing to take reasonable risks, but some folks would not only have us 'hold the baby,' but want us to provide its swaddling clothes as well."

IT HAS been made fairly evident that the post-war demand for bank accommodation can be classified in three main groups:

- (1) *Normal bank advances.*
- (2) *The provision of relatively long term capital.*
- (3) *Special credit facilities for the small man.*

The demands falling in group one will be met by the bankers as a normal business practice; hence no further comment is needed to point out that in this field there will be the usual competition between individual banks.

For some time negotiations have been in progress among the Bank of England, the joint stock banks and

other financial institutions, with a view to assisting in the provision of facilities for those whose capital requirements fall into groups two and three. The result of these negotiations has now been made public in the recent announcement of the formation of two new companies. The larger of the two, known as the Finance Corporation for Industry, is by far the most ambitious, and aims, in the words of the Chancellor of the Exchequer, at "the provision of temporary or long-period finance for industrial businesses, with a view to their quick rehabilitation and development in the national interest." The FCI will be owned jointly by a large group of insurance companies, trust companies, and the Bank of England, on a basis of 40, 30, and 30 per cent respectively.

The registered capital is to be \$100 million, with borrowing powers up to \$400 million.

THE original subscription of capital will be small, certainly less than 5 per cent, and the bulk of the resources will be obtained by the exercise of the borrowing powers. The English and Scottish joint stock banks will thus provide the major part of the FCI's resources by lending funds to the new institution. The FCI is therefore a sound practical method of enabling the banks to play an important role in the modernization of industry. It is to be observed that the main risk is carried by the insurance and trust companies, which are the equity holders. It is interesting to note that the FCI, unlike the pre-war Bankers Industrial Development Company, is not financed by the banks alone. The BID was a lender of last resort, and as a result was saddled with business which the constituent banks refused so that it was often referred to as the "Brought in Dead."

The large uncalled for reserve liability, plus the participation of the Bank of England, will give the FCI a first class credit rating. It will therefore be able to borrow from the joint stock banks at the best rates, and re-lend to industry at rates that will be quite attractive. This should enable it to meet all its expenses and earn a dividend on its rather modest paid up capital. Sound

(CONTINUED ON PAGE 115)

The Control of Government Corporations

W. RANDOLPH BURGESS, *president of the American Bankers Association and vice-chairman of the board of The National City Bank of New York, appeared before the House Ways and Means Committee last month during hearings on the bill to increase the national debt limit to \$300 billion. He presented the following statement:*

THE raising of the debt limit is a necessary war measure. However, while we are passing this bill, we ought to recognize its inflationary dangers and make such efforts as we can to lessen those dangers.

The banks of the country have a special interest and a special responsibility as to the increase of the debt. They are taking a leading part in the efforts to sell to investors the government securities representing the new debt. Whatever additional funds the Treasury needs beyond this must come from the banks themselves, and the banks are ready at all times to perform their traditional role of buying the amounts of government securities that may be necessary, and so maintain the credit of the Government.

There is no serious question about the country's capacity to finance this added debt load. There is a question as to the way in which it will be financed and what the consequences will be. To the extent that investors don't buy the bonds and the banks have to buy them, new credit—new money is put into use—and that is the basic cause of inflation.

As the debt has grown, the inflation pressure has increased. By the control of prices and interest rates and the rationing of goods, we have been able partly to conceal the inflation but it is smoldering underneath. The more the debt increases the greater will be the danger.

The second danger of the rising debt is the danger to enterprise, and especially small enterprise. The higher the debt burden, the higher the taxes. Already the interest on the debt takes \$4½ billion of taxes. Small enterprise lives by plowing back profits into business, and under high taxes small enterprise does not flourish. It is the activity of hundreds of thousands of small business men that makes the difference between adequate employment and under-employment.

We can't do much now about the war expenditures other than watch out for waste, but we can do something about non-war expenditures now and looking ahead. We must see that the new debt limit is not an open invitation to increase unnecessary expenditures.

There are certain specific steps which could be taken immediately as brakes on unnecessary spending.

We ought to put government corporations under closer fiscal control. Many of these corporations are in what the Secretary of the Treasury has termed, "the field of commercial enterprise." Many of them were organized to fight deflation by the process of inflating the economy. Now the condition is entirely different. It is not deflation. The grave danger now is inflation.

Small banks in rural areas are now thrown into competition with Federal lending agencies in the agricultural credit field, which have free government capital, which pay no Federal income taxes. The country banks have no free capital. They pay interest on savings accounts to thrifty people, and in addition, are subject to Federal income taxes, as well as local and state taxes. Country bankers are leaders in selling War Bonds to farmers. In agricultural counties they serve as chairmen or active members of War Bond committees. They are glad to give this time and put forth this effort without cost to the Treasury.

Many of these corporations have done and are doing an essential and useful public service. They operate, however, under different rules from regular government departments. Their budgets in most cases are not reviewed annually by the Congress. In many cases, they secure their capital and working cash balances from the Government without cost. In addition, they pay no income taxes on the business they do. Some of these commercial corporations compete with private business which must pay dividends on its capital, and in addition, pay income taxes to the Federal Government, as well as taxes to local and state authorities. Many of these corporations have built up surpluses beyond what is needed in the conduct of their business.

WHILE it is necessary to pass this bill, would it not be wise in the same legislation or at the same time to return to the Government some of the unused capital and surpluses in the hands of Federal corporations doing a commercial business, and in addition, require such corporations to pay interest or dividends on Federal funds they retain? Such action, it seems to us, is in the interest of fairness to those who conduct private business and pay taxes. Furthermore, such action would give assurance to the people of the country that Congress is determined to do what it can now to combat inflation and to provide for a sound fiscal policy.

A beginning has been made in this direction through the recent passage of the George Act, but there appears to be some question whether this applies to mixed ownership corporations as well as to wholly government owned corporations. A clarification of this point, making sure that it applies to all, would be in accordance with conclusion Number 8 of the Report of the Committee on the Reduction of Non-Essential Federal Expenditures of August 1, 1944.

A list of government corporations, referred to by Mr. Burgess, which shows the amount of government-owned capital stock and paid in surplus, borrowing power, and outstanding obligations, will be found on page 101.

"Go Back With Jack!"

Again **BANKING** hears from "Thrift Corporal" Edward Jordan, whose 561st Ordnance Heavy Maintenance (Tank) Company has reopened in Belgium the bank he organized for it in this country. Our last report from him, in the January issue, said that the men had asked that the bank resume operations. It has since done so.

Somewhere in Belgium

DEAR **BANKING**: Since you last heard from me much has happened in Belgium, and I suppose you have wondered what became of our "Thrift Corporal" company banking plan which was just about to operate.

Well, we were all set to put the plan into effect when overnight, like a bolt out of the sky, the situation became one of "Will I live?" rather than "Will I save?" However, I'm happy to say our company escaped without a single casualty. We are now in a different location and that is all behind us. This payday, January 31, 1945, we started and in case you're still interested, I will give you these observations on the plan's first appearance in the E.T.O.

We've adopted the slogan "Go Back with Jack" and I was set up for business alongside the commanding officer. The first depositor was Tech. Sgt. Robt. M. Shoultes, Syracuse, New York. Nearly one quarter of the company participated. The amount deposited was over 50,000 francs, which I consider remarkable inasmuch as the men for the most part receive but a fraction of the pay they got in the States due to Class E allotments, War Bonds, etc. They seem to feel, as I did, that in spite of these savings they would still like to accumulate a little fund out of what they do receive, and I think the figures bear me out on this point. The men deposit

at their own risk, however, as we will not be responsible for loss through theft, bombings, fire, or any unforeseen military disasters.

The money is kept in a safe deposit vault with a branch office of the Bank of Brussels, not in Brussels. Everything humanly possible will be done to protect the money. The men may deposit on paydays and each Wednesday, and withdraw every Friday by giving 24 hours' notice, although I feel that for the most part what is deposited over here will stay on deposit. I might add that the safe deposit vault, at my disposal, would rent for at least \$25 a year in the States, but the officials of the Bank of Brussels have flatly refused any compensation whatsoever. They said they were flattered to do business with us.

Not to be outdone, I presented the manager with my September copy of **BANKING** (they read English) and he was much pleased. Since reading it, he has told me that in his opinion the banks in America are at least 50 years ahead of the banks in Europe.

I had hoped to get a picture of myself standing beside a tank named "Thrift Corporal" but due to rain was unable to do so. Will try again in the near future. The article "Salute to the Langones" in your October issue was read by most of the men in the company and they got quite a kick out of it. Some are writing home asking their folks to try and get a copy from their local banks.

Bankers in the States with whom I discussed this company bank plan were of the opinion that even in the event of cessation of hostilities, this plan would serve with equal usefulness in the peacetime Army.

Sincerely,

CPL. EDWARD JORDAN

How Banks Help Veterans

¶ Banks are making progress in their handling of GI loans. War veterans committees set up by state bankers associations are getting local banking groups to cooperate with veterans organizations, the Selective Service, U. S. Employment Service, and the Veterans Administration in setting up information and loan processing centers.

¶ Two booklets digesting the "guaranty of loan" provisions of the Servicemen's Readjustment Act of 1944 have been prepared and distributed to the banks by the A.B.A. Committee on Service for War Veterans. The first dealt with "Home Loan Regulations Under Title III," and the second with "Amendments to Home Loan Regulations and Digest of Farm and Business Loan Regulations Under Title III."

¶ Chapters and study groups of the American Institute of Banking wishing to qualify under Sec-

tion II of the Servicemen's Readjustment Act as accredited educational institutions through which returning veterans can receive instruction with tuition and other charges paid by the Government should apply for approval to the state agency to which this responsibility has been assigned, according to National Educational Director William A. Irwin.

¶ Loan features of the GI Bill of Rights were discussed at forum and seminar meetings, open to all local bankers, held during February and March by many chapters and study groups of the American Institute of Banking.

¶ Speech material on GI home, farm and business loans for the use of bankers who expect to make platform or radio addresses on these subjects has been prepared by the A.B.A. Committee on Public Education and is available upon request.

Two Letters

Horse Sense, Hard Work

This unusual letter, written by a soldier overseas to Julius J. Spindler, president of the Farmers & Merchants Bank of Highland, Illinois, expresses one man's views as to what the home folks could do to make their town a better community for the service people when the war is over.

Hq. 1125th Armd FA Bn.

DEAR Mr. Spindler: Almost a year ago you wrote me a letter inviting me to give my views and ideas as to what you all at home could do to make Highland a better place for the returning serviceman or woman and their families to live in. I hope you haven't taken my lack of an answer as meaning that I did not appreciate your asking me for my ideas or that I did not have any ideas. I have thought a lot about it and, although I cannot crop up with a magic "post-war plan," I will try now to give you some of the things I have thought about. However, I hope that no matter what you think of my ideas you will not publish or use them under my name for I certainly am not aiming toward any fame or notoriety as a post-war advisor.

First of all, I feel too many of us think of the time after peace as a magic age of plenty for all; of comfort, luxury, work and education for each ex-serviceman; and as a golden era. That, I fear will not be the case. Rather, if we can all live conservatively and even cautiously and in our lives tend toward thrift and hard work until as a nation we are again solidly sure of ourselves united in peace. Then, after we are all settled down to living peacefully and soberly—and it will take years—we can begin the adventure toward the "Air Age," "Plastic Age" and all the grandiose schemes proposed to make life easier.

So, I advocate conservation and caution. How can it apply to a community such as Highland? First, in that such a community people should plan that their future happiness and life will depend not on any great governmental projects, not on any great new industries moving into their midst, but will depend solely on what they do so that the farms, the stores, the very activities that furnished them livings before the war will continue to do so. The community will, in the long run, have to look after itself if it is to weather the early peace years successfully. It can do this if its civic offices are held by honest, able men. It can do it if all citizens are made a part of any plan. And, it can do it if it makes a very determined effort to help and look after its returned service people with, not gifts, but friendship, advice, and fair play.

Treatment of returned servicemen seems a funny topic to mention these days when every occupant of a uniform is a hero. But, in civilian clothes with a pocketful of bonus money and war savings that hero quickly becomes fair game to many, many people. And the community that allows wholesale swindling and hood-winking of



Many former bank employees are now serving with the Finance Disbursing Section of the Army. The pictures on pages 39 and 40 were furnished by the Public Relations Bureau of the War Department and show personnel of the Army Finance Disbursing Section drawing up a payroll and making disbursements somewhere behind the Belgian lines. Above, Sgt. Glenn Stanford is paid by Lt. H. J. Brenner, Dayton, O. Seated is Capt. M. S. Sivertson of Sioux Falls. The guard is Joseph L. Lay of Knoxville, Tenn.

ex-servicemen is thereby helping itself to peacetime unhappiness.

How can it be prevented? I believe every community should have an unsalaried and non-political post-war body that accepts any and all citizens as members. This body should elect a committee to act as advisors of returned servicemen. This committee would also investigate and recommend action against any car dealer, money lender, etc., who was suspected of attempting to take unfair advantage of any returned serviceman. Further, this committee should make a survey of the future of the community in regard to all resources and industries that would offer employment to ex-servicemen. Then, with this survey as a basis they should contact all returned or returning servicemen and find what they want to do. Then, by balancing what can be done with what is wanted the committee can offer sound advice.

I think that if all Americans—in uniform or out—stop and think, we will admit that what we want out of the post-war world we'll have to earn and that it will not be a big car, airplane, 10-room house, and luxury for all. Rather, let's expect the minimum, work like hell, and then maybe we'll get what glitters.

All this I write is very disconnected but we must remember that once we all lived together fairly comfortably (a lot better than the rest of the world). Then came a war and we found out what we could do. Now, when peace comes, with horse sense and hard work we at least ought to be able to live as well as before and if we add a bit of skill, production and spirit with which we won the war we ought to fare pretty well indeed.

The ironical thing about this letter is that I am now a graduate forester and that profession, if I survive the war, will probably keep me away from Highland. But, I'll always remember the happy childhood I had there, the fine friends I still have, and I hope to see the community a happy and prosperous one in the difficult years to come. I hope you can make some sense of this.

"Go Back With Jack!"



Above, Rosemary Tuttle, Red Cross Field Representative for Civilian War Relief, of Minneapolis; Mme. Marle Miller, FFI nurse; Cpl. H. W. Russell, Pittsburgh; Capt. G. M. Kibler, Mendota, Ill.; Cpl. E. H. Conrad, Albany, N. Y. — exchanging money at a Finance Disbursing Office in Belgium

PHOTOS BY U. S. ARMY SIGNAL CORPS



Above, Lt. Brenner is paid by Warrant Officer Jay Cross, Meridian, Miss. Below, l. to r., Capt. Sivertson sells a War Bond to Sgt. Stanford



Making up a payroll. L. to r., S/Sgt. F. R. Jones, Cleveland; Cpl. F. R. Baxter, Benton, Wis.; Cpl. E. A. Reagan, Utica, N. Y.; Cpl. J. P. Gravenitia, Cpl. D. A. Gary, Chicago; Cpl. J. W. Hars, Schenectady, N. Y.; Sgt. C. W. Johnson, Syracuse, N. Y.

Home Modernization Paper

KENNETH R. WELLS

MR. WELLS, assistant vice-president of the American National Bank and Trust Company, Chicago, is an authority on FHA home modernization paper. His article is one in BANKING'S series on various phases of the consumer credit business.

DURING the war the nation's homes have been maintained on a minimum basis and there is a tremendous potential of repair and modernization work to be done on existing housing, the financing of which will produce a large volume of paper. All financing agencies are aware of this and most of them are planning to handle such business.

Instalment paper resulting from home modernization has proved to be some of the best consumer credit paper available. The makers of this paper are usually home owners and married, with a fairly steady record of employment, and most of the factors tending to create losses are absent. Banks have the option of carrying modernization paper under their own plan or insuring it under Title I of FHA, and, based on the post-war survey figures recently released by the American Bankers Association, for every bank intending to insure its modernization business with FHA, two others plan to carry their paper uninsured. Many of these banks must have insured their paper at one time or another; therefore, their decision not to insure modernization paper indicates they no longer see a need for the FHA insurance.

A NUMBER of reasons have been advanced for this change in bank thinking, but I believe the banks that do not insure with FHA would fall into two major groups: (1) Banks that treat modernization paper as part of an over-all consumer credit program and do not want to operate under two different plans with separate regulations and forms; and (2) banks that regard the premium for FHA insurance as excessive and believe it is more profitable to carry their own risks.

I have no argument with the banks in the first group, but do not agree with those in the second group, and definitely feel that FHA Title I insurance should be obtained as long as it is available. However, there are some changes which could be made in the FHA program to make the plan more attractive to commercial banks.

In 1934, when FHA was first announced, there were relatively few banks in the consumer credit business; many of them started in the field through participation in Title I financing. According to official FHA figures, national and state banks accounted for 62.1 per cent of the total FHA Title I volume from 1934 through 1943. The banks had an over-all percentage of claims of 2.47 per cent against the over-all average for all lenders of 2.74 per cent. The FHA has recovered approximately 40 per cent of the claims paid, and it is reasonable to assume that this percentage will reach 50 per

Home modernization paper will be financed whether it is on the banks' own plan or insured under FHA. There is every reason to believe the banks will get a major portion of this desirable business if they give real service to the public, including dealers and contractors who create most of the paper.

cent eventually, which would make the net loss on the banks' paper approximately 1.24 per cent.

Therefore, with losses averaging 1.24 per cent and the insurance cost averaging $1\frac{1}{2}$ per cent (if the paper averages 24 months), the net saving is not large. If the paper should average less than 24 months, the saving is reduced, and if the paper should all have a maturity of three years, then approximately 1 per cent would be saved if the paper was not insured.

Institutions electing to insure their own paper are gambling that the net loss on the paper will be less than the amount they would have paid for FHA insurance. However, these banks overlook the fact that since 1934 the general business cycle has been upward and employment has reached new high levels, collections have been above average and recoveries on the part of the FHA have been more favorable than in normal times. I do not believe that the favorable experience of the past 10 years justifies extending these figures into the future; with any downward trend in business, losses could exceed many times the amount paid for insurance. It is therefore obvious that the profits in one direction are limited, while the losses in the other are unlimited depending on uncontrolled future factors. The consumer credit executive should think carefully before he abandons his FHA insurance program.

ONE weakness in the FHA Title I operation, however, is that there is no real inducement for an institution to keep its losses low. For instance, two institutions, both buying paper from dealers in the same locality, may have different credit policies; the institution following a liberal credit policy will have higher losses, but will gradually acquire most of the dealer accounts. The result is that the liberal institution gets more business and makes more profit without any penalty being attached, while the careful institution, whose losses are low compared to the national average, has less profit and gains nothing except the satisfaction of having done a better than average job in liquidating the paper.

If some method could be developed whereby the form of FHA insurance was changed to a co-insurance basis, it would place a premium on a clean operation. For instance, if there were some refund for the lender whose losses were below average, and some penalty attached

(CONTINUED ON PAGE 117)

The Coming \$300 Billion Debt

JOSEPH STAGG LAWRENCE

In view of the current discussion of government debt levels, this comment by MR. LAWRENCE is particularly timely. The author is vice-president and economist of the Empire Trust Company, New York.

In a recent address the New York State Superintendent of Banks considered the probable effects of a huge public debt. He ruled out bankruptcy in the conventional sense. So long as the debtor has the power to issue an infinite number of the tokens with which the debt may be discharged, bankruptcy is impossible. The only limitations to the power of issue are statutory, subject to change at the will of the legislature. The interest rate and the future level of commodity prices cannot be disposed of so simply.

Next to the price of gold, the Government's control has been most effective in interest rates on its own obligations. The important instruments of rate control have been the 12 Federal Reserve banks and the 14,000 commercial banks of the country. The Federal Reserve banks now hold \$18.7 billion Treasury I.O.U.'s, constituting 8.1 per cent of the total outstanding debt. The commercial banks hold approximately \$76.7 billion—33 per cent of the debt. The purchases by the reserve banks are important not only for the absolute volume of debt which they absorb but also because reserve deposits against which the Treasury draws its drafts add an equivalent amount to the reserves of the commercial banks which facilitates the expansion of their own deposits.

ALTHOUGH the law compels the central bank to maintain reserves against currency and deposits, 40 and 35 per cent respectively, these limitations have no significance in the absence of an authentic gold standard. The reserve ratio of the central bank, already below 50 per cent, is in process of remedy. The obvious correction and the one likely to be adopted is a reduction of the legal ratio to 30 or 25 per cent. Some Congressmen are suggesting a rise in the price of gold to \$56.44 per ounce. Ignoring the moral aspects, either solution is adequate technically and it is largely a question of which adjustment will least alarm the country.

The commercial banks, with their present holdings of 33 per cent of debt, an unlimited capacity for further absorption, and for practical purposes completely at the mercy of Treasury policy, give the Government effective control of the rate. The Treasury can, if it wishes, pick almost any rate out of the air, offer an issue in the open market and "induce" the banks to accept any part of the issue that might remain unsold. It is in the position of an auctioneer whose audience is loaded with friends of the seller, possessed of unlimited buying power and prepared to establish any price which the seller chooses.

It is also clear that the inclination of the seller will be to seek higher prices, i.e., lower rates. The budget which Congress is currently considering carries an item of

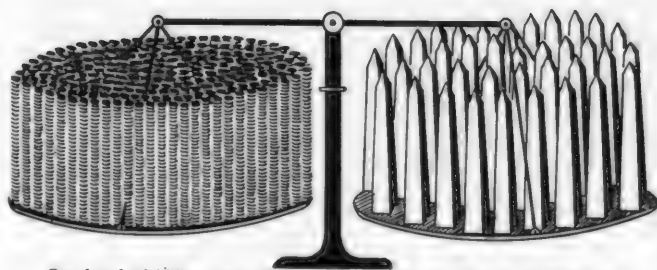
\$4.5 billion for interest charges. This exceeds substantially the average Federal budget in the decade of the Twenties. The size of the item attracts little attention today because the country is thinking in terms of a \$90 billion budget with one-half supported by revenue and the other half coming from borrowing. An item accounting for 10 per cent of the deficit and only 5 per cent of the total budget is not an issue and will not become an issue as long as the Government is trying to raise substantial amounts from the public.

THIS picture is bound to change for a number of reasons. The war will some day end and the present revenue of the Government, approximately \$43 billion, will collapse. The Government, under patent ideological influences, has paid no attention to the stability of its sources of revenue. It now obtains 80 per cent of its revenue from notoriously volatile forms of taxation, corporate and personal income levies. Excise and sales taxes have been ignored, although they are the most consistent sources of government income. Russia gets 63 per cent of its revenue from a "turnover" tax, Canada gets 28.3 per cent from sales taxes and excises, and England 29.1 per cent. When the war ends there will be a sharp decline in total income. The corporate normal and surtax will drop and the excess profits tax may well disappear entirely. On the other side, the Treasury will be confronted by an obligation to refund 10 per cent of the excess profits tax and under the carry-back provision may be forced to return very substantial sums to corporations failing in the post-war period to earn a normal return.

WITH a net revenue of \$10 billion, a charge of \$4.5 billion for debt service assumes an entirely different character. This allowance in the current budget, however, is predicated on the average debt to be outstanding during the coming fiscal year, something less than \$300 billion. The country's political leaders have already committed themselves to vast projects designed to maintain jobs for 60 million and a high level of prosperity. A rising volume of seductive propaganda is trying to persuade the American public that a government debt is a constructive factor in the life of the nation, that the total size of the debt has little meaning, that debt must be incurred to compensate the economy at a time when its stability is threatened by depression, that an increase in debt automatically generates a rise in the national income, that the service of the debt, in view of this greater capacity to bear, may be no more burdensome when the debt is \$500 billion than when it was \$50 billion. One eminent scholar has already demonstrated, at least to his own satisfaction, that the nation can carry a debt of \$4,000 billion with ease.

It is possible that these ivory tower calculations may go astray. Similar calculations in the Thirties made by

In its December 1942 issue, *BANKING* published a picture story of the public debt, \$100,000,000,000. At the right is one of the drawings visualizing that amount of money. The reader can use his own imagination and arithmetic in bringing the silver dollars and Washington monuments up to date



One hundred billion silver dollars would weigh as much as 36 shafts of marble the size of the Washington Monument, which is 555 feet, 5 inches high and is estimated to weigh 81,120 tons.

equally eminent experts proved mistaken. In this event the Treasury will be obliged to consider a more direct approach to the service charge problem. This will be facilitated by the increasing proportion of the public debt which will come to rest in the portfolios of the banks. It would be imprudent to assume that the Treasury will not give serious thought to a further reduction in rate, to a change in maturities which will accomplish the same purpose, or to other techniques for keeping the service charge within those limits which will keep political criticism tolerable and political action innocuous.

The effect of a huge and growing public debt on prices is much more obscure. A decade ago no economist would have hesitated in his answer. A debt as large as this country now has would, in the judgment of every economist of standing 10 years ago, have made a substantial general price rise inevitable. The fact is that wholesale prices since the outbreak of war have gone up only 32 per cent. This rise in the index is entirely attributable to farm prices, which account for approximately half the items in the index, and labor whose wages under "control" have gone up as far in this war as they did during the last war without "control." Inflation so far in this country has been selective, with political considerations dictating, almost without exception, the incidence and degree of price changes. Positive pressure, coming from huge spending power and scarcity of labor and farm products, has been permitted to push these latter price categories upward. The OPA as a price policeman has kept finished products and retail prices stable at the cost of compressed profit margins. Thousands of small lumber mills were forced to shut down because the OPA would not permit a rise in lumber prices sufficient to offset increasing labor costs. The retail butchers of New York City recently closed their shops because the price authorities insisted on ceiling prices for hamburger, while hamburger on the hoof had no ceilings.

WHAT will be the resultant of these forces when the war ends? Since deficit financing has been deodorized, it may be expected to continue indefinitely until a crisis clearly attributable to the debt occurs. This means growing currency in circulation and larger deposits, i.e., more liquid buying power in the hands of potential spenders. On the other hand, the end of the war will greatly reduce the demand for labor, even after making the most generous allowances for continuing largesse of the lend-lease fund and Gargantuan public works.

The farmer today is producing 30 to 35 per cent more

food than he produced before the war. At that time his price structure was under severe surplus pressure and the Government was compelled to resort to heroic and at times foolish measures to prevent a collapse. With high civilian incomes, extravagant military requirements and the demands of our allies, there is no present problem in disposing of the larger supply of farm products. This picture will change abruptly when the war ends. The fighting areas of the world are in much better position to restore their normal food supplies than they were at the end of the last war. It is much easier to increase farm production than to curtail it. The record shows convincingly that this is strictly a one-way street. Granted that the Government will take extraordinary measures to protect the income and living standard of the farmer. The fact is the state will be contending against economic forces which it has never harnessed successfully in the past.

AN AMPLE labor and food supply, where both are present in substantial surplus quantities, have never in the past been consistent with rising prices. The Government's price-support policies will make it difficult to solve these surplus problems through normal export. It may be doubted at this stage of international development that techniques of control on a worldwide scale can be fashioned which will raise real costs in other parts of the world sufficiently to permit American products to compete in the international market at levels satisfactory to the producers. Any other disposition of surplus goods must then be on a charitable or a dumping basis.

There is no precedent for a problem of this kind in American or, for that matter, in any other history. It is the dilemma of an unmanageable surplus of goods and a rising volume of buying power to which no period is in sight. In the labor field a large number of tight labor monopolies under powerful, entrenched unions may affect the problem for possibly half the labor force. In the period of readjustment ahead, these labor groups will demand that the Government redeem its repeated pledge of higher wages after the war. Failing consent from the Government or acquiescence from management, they will resort to increasing pressure with no present prospect whatsoever that the power of Government will be used to preserve domestic order or protect the rights of those political stepchildren, the stockholders. In these limited fields employer associations and labor organizations, bargaining on an industry-wide basis, may succeed in raising prices to protect profit margins. Such solutions will probably be at the expense of "consumption."

Meeting Tomorrow's Customers

MR. HEMMINGER is director of the news bureau, New York State Bankers Association.

AFTER months of preliminary research and development, the New York State Bankers Association is at the point of inaugurating an educational "posterama" program directed to banking's customers of tomorrow—the boys and girls in our high schools today. The project, which utilizes classroom wall charts and student notebook posters dramatizing the banking story, was launched early in 1944 by the association's Committee on Public Relations.

As its first step, the committee prepared a prospectus setting forth its views on visual classroom aids, and submitted it to the association's 798 banks. The response was so enthusiastic that the committee immediately went ahead with the production of a poster, "Your Dollars at Work," designed to teach a basic lesson on the flow of money from the depositor, through the bank, to America at work and back to the depositor.

This poster, after being submitted to state educational authorities for suggestions and criticism, was tested in several New York State social science classrooms; then specimens were sent to the officers of member banks and clearinghouses who were invited to make it available to social science teachers and students in their communities after first getting the necessary clearance from the local school supervisory authorities.

Harold M. J. Lewis, assistant vice-president of the Manufacturers National Bank, Troy, and chairman of the association's Committee on Public Relations, in announcing the details of the project, said:

"Our first poster is a test of whether New York State banks are prepared to undertake the vital job of educating

future citizens to understand banking and to accept the premise that private, chartered financial institutions have a genuinely important place in our economy.

"We believe most school teachers have not enough visual and reading matter that adequately tells the story of banking's part in everyday life. We are certain that the schools will welcome educational guides prepared on sound, progressive principles. We are equally certain that there is every reason why bankers should provide material of this type."

As THIS is written, three months after the initial announcement, the "posterama" program has already been adopted by banks and high schools in 100 New York communities, and arrangements are in progress for the introduction of the material into more than 700 social science classrooms in New York City and five boroughs under the sponsorship of the New York Clearing House banks.

The state association is putting the finishing touches on two supplemental publications for use by bankers and teachers in implementing the program and making it more interesting from the student's point of view. A banker's manual will suggest projects through which bank personnel can provide and explain banking forms and services, encourage bank visits, speak before social science classes, and inaugurate student training programs.

A teacher's instruction guide will set forth a study outline, a list of presentation methods, a "depositor's dictionary," a series of suggested classroom and out-of-school projects, and a bibliography. A separate teacher's guide will be developed with each succeeding poster, and the entire series taken together will make up a complete manual for high school or junior high school instruction in the principles of banking and money management.

Suggested newspaper feature stories, illustrative material, and radio talks describing the program also have been developed and will be supplied to sponsoring banks and clearinghouse associations.

The program was given further impetus in January when it was endorsed by the Eastern Secretaries Conference of the State Association Section of the American Bankers Association, meeting in New York City. Following this action, the section secretary took steps to make the program available to banking associations on a nationwide scale through their state bankers organizations. As a result of this



The 11th grade class in social science at the Pleasantville, New York, High School, uses the "Your Dollars at Work" poster. Instructor Alfred E. Watson said it was an excellent aid in teaching the flow of money through our economic system.

action, the New York State Bankers Association has supplied "posteramas" to a number of out-of-state banks. There is good reason to believe that the program may ultimately become a national banking project.

Plans are already going ahead for the production of the posters that will follow "Your Dollars at Work." During the Spring and Summer of 1945 the Committee on Public Relations, with the cooperation of the New York educators and representatives of the American Bankers Association and the American Institute of Banking, will complete classroom material for use during the 1945-1946 school year. Just which topic will be treated first has not yet been determined. It is certain, however, that many vital subjects will be available. An explanation of Federal Reserve operations, a poster on the proper use of checks and other banking instruments, the story of the roll of bank credit in business, a poster on budgeting the family dollar—these are a few ideas that come readily to mind.

"The trend towards increased emphasis on classroom education as a source of good public relations is becoming more and more sharply defined in the post-war planning of business and industry," Harold Lewis, chairman of the Public Relations Committee, recently pointed out. "The railroads, the producers of food stuffs, the automobile manufacturers, the petroleum industry and the utilities, to mention a few, all have discovered the value of meeting tomorrow's customers today, and are planning to make full use of their opportunities in the educational field."

MANY of these programs are more elaborate than the one proposed by the New York State Bankers Association. Few, however, meet a more basic need than does our program, and still fewer involve clearance through and cooperation with local school supervisory authorities—a point of major importance in assuring the continuity and effectiveness of any effort in this field."

Here is an outline of the proposed teacher guide for the posterama:

Suggested Study Outline

Six steps in presenting Posterama No. 1

- (1) *American institutions—producers of goods and services*
Two major types of business.
Some produce both goods and services.
Goods and services equally important in our economy.
- (2) *Importance of the banking service*
Time has proved the need of a banking service.
Function of the bank.
Two essential types of service.

YOUR DOLLARS AT WORK



Committee on Education

This is the poster

- (3) *The bank serves the individual directly*
List and discussion of direct services—thrift and savings accounts, deposit and checking accounts, loans, safe deposit boxes, etc.
- (4) *Indirect services are directly significant*
The story of Your Dollars at Work.
The flow of money through the bank to government, business, industry, so as to create jobs for Americans, better communities in which to live, national security.
- (5) *Continuity of service essential*
War and similar destructive forces change the flow of services as well as the production of goods.
Every effort made to insure the continuity of banking services to the individual and business—careful investment—sound loans, proper reserves, FDIC and other regulations for public protection.
- (6) *Different types of banks render different services*
Explanation of types of banks and services rendered by each type.

The Depositor's Dictionary

Note Coupon
Draft Discount

(Brief definitions of routine banking terms used in Posterama No. 1)

The Bank Played the Game

MYRON STEARNS

I DON'T see," Mr. S. said, "why we can't do what you want. It's an odd trick to play in a bank, to be sure, but if it's a favor to the Secret Service, and helps land crooks behind the bars, I see no harm in trying it."

Edwin S. was president of the Security National. His decision was final.

"That's fine." Secret Service Agent Bolling felt that his luck was holding. All along on this case he had been getting the breaks. It was luck to have stumbled into these counterfeiters in the first place. It was better luck still to have them offer him 5,000 of their brand-new, hand-tailored \$10 bills for 24 cents on the dollar. Now, to complete the deal, the Security National was willing to help out by working the old trick known to confidence men as "the switch."

"I felt sure you'd help us. We can't convict these fellows until we get the counterfeits they talk about. They'll only turn them over to us for genuine money, or what they're convinced is genuine money."

Bolling had met these counterfeiters, who called themselves Fred and Tony, in Canada the week before while he was on an undercover hunt for gold smugglers. Lady Luck had played right into his hand: They had taken him for what he seemed to be, a gold smuggler himself, and had suggested a deal. They would sell him



brand-new counterfeits, just made, of a \$10 Federal Reserve note for 24 cents on the dollar—\$12,000, genuine money—for \$50,000, face value, of counterfeits. Playing up to the situation, Bolling had arranged to meet the men at his hotel in New York to complete the deal. Now, with the Security National, he was arranging to convince the gang members that they were getting real money for their phony greenbacks. Only—it wouldn't be money at all.

Briefly he went over the scheme again with Mr. S.

"There's really no risk in it," he pointed out. "We're just taking a leaf out of their own book."

For several moments more they discussed details.

"All you need in the way of stage props," Bolling explained, "is a bunch of newspaper clippings, cut the size of banknotes, in an envelope—so they don't show."

Then he went to the hotel to make the necessary arrangements there.

When the brothers came to the hotel they were assigned to Room 1008. This was in careful accordance with the plan: 1008 had been doctored for sound.

The brothers brought with them one Tito. They left word at the desk for Bolling to come up to their room.

Bolling took along with him a second agent who understood Italian but whom he introduced as Solly Cohen.

The counterfeiters showed a single counterfeit \$10 bill, of the Boston Federal Reserve District, and shaded the price they had already quoted to \$11,000 for \$50,000 of counterfeits. Bolling and Cohen dickered; all the money they had, they said, was \$8,500. They showed bank drafts for that amount, with which the Security National had supplied them—for exhibition purposes only. They insisted they were not going to risk the entire amount because they needed at least \$1,500 for possible expense money and contingencies. Finally, after a lot of arguing, an order was placed for \$30,000 in counterfeit money, for \$6,600 in genuine cash.

Next came a trip to the bank. The agents and two of the counterfeiters walked down to the Security National. Fred and Bolling walked through the imposing doors, leaving the others to wait for them outside.

Bolling went to the bank manager, with whom the details had been worked out in advance. The drafts, the manager assured him, would be honored as soon as he had cleared them; he suggested that the men come back in a couple of hours. This was all quite according to Hoyle and satisfactory to the counterfeiters.

BEFORE Fred and Bolling came back to the bank the exact denominations of the genuine bills that were wanted were determined: the money was to include one \$1,000 bill, and three \$500 bills; there were to be 70 50's, and 30 20's. That was all right with Bolling, but he insisted he would not turn the genuine money over to them until he had actual possession of the counterfeits, with a chance to look them over and make sure they were all right.

Back at the bank the manager counted the money out for them. One \$1,000 bill, three \$500 bills, 70 50's and 30 20's were put in a single pile. Bolling said he would leave the balance of the money in the bank and was given a deposit slip.

Then, still according to plan, the manager picked up the \$6,600 in bills and suggested that, since it was such a large amount, he'd better put it in an envelope. This he did, with the two men watching him. At this moment there was a sudden commotion at one of the tellers' windows, and Fred turned quickly to see what had caused it. In that same moment the bank manager slipped the envelope containing the \$6,600 in bills into

(CONTINUED ON PAGE 105)

WASHINGTON

HERBERT BRATTER

Inflation Signals

THE same inflationary forces that led to the boom of the Twenties and the depression of the Thirties are at work today, said W. Randolph Burgess, president of the American Bankers Association, in testifying before the Senate Banking and Currency Committee regarding Senate Bill 510 which would lower the ratio of reserves required against Federal Reserve notes in circulation and against the deposits in the Federal Reserve banks.

"We are in the process of going through red lights," Mr. Burgess said. "The danger signals are being passed but the inflation is going forward. We now have the same forces at work, but in exaggerated degree, that gave us the inflation of 1919 and 1920 and the crash of 1921. It took years for the farmer to recover from that boom and crash that carried wheat prices up to \$3.50 and down to \$1.00; that doubled the price of farm land and then dropped it back again.

"The same forces later caused the real estate and security inflation of 1927-1929 and the later depression of the Thirties. It took the war to pull business and labor out of that slump.

"There are many signs that these inflationary forces are vigorously at work today. We see them in city and farm real estate and in all uncontrolled prices, in black markets and lower quality of goods," he continued. "The amount and quality of food, clothing, shelter, and service that the citizen can buy for his dollar is steadily declining."

Mr. Burgess pointed out that this bill, Senate Bill 510, "removes certain automatic checks on credit expansion. To do so is a wartime necessity but it means we must be increasingly alert." He said, "We ought to review where we stand on the inflation problem and take

A.B.A. President Burgess testifying before the Senate Banking and Currency Committee on the bill to lower the reserve ratio



HARRIS & EWING

what steps we can to put the brakes in working order."

He urged that the 1933 emergency power to issue greenbacks be repealed and that the Senate committee consider whether it might not be better at this time to lower reserve requirements to 30 per cent rather than 25 per cent as proposed in the bill. "Thirty per cent is likely to take care of the needs for many months, and if it then proves inadequate it will be because credit expansion has gone to a point where congressional review may be desirable," he said.

Mr. Burgess stated that "government spending is the chief cause of inflation," and urged that "every proposal for government post-war spending be scrutinized with great care. We wholly agree with Chairman Eccles' statement," he said, "that nothing would be more helpful to prevent inflation developing than to have a balanced budget shortly after the war."

"No campaign among the people and no price controls will be adequate to curb inflation unless the Government itself sets an example and puts its own house in order."

He suggested that the Senate committee "request the Federal Reserve Board to make a comprehensive report to Congress on the dangers of inflation and propose methods for its avoidance."

The Seventh War Loan

THE \$14 billion goal of the Seventh War Loan is divided equally between individuals and other non-bank investors. The quota for individuals is the highest yet; of the \$7 billion, \$4 billion will be Series E bonds. The basket contains:

Series E, F and G Savings Bonds

Series C Savings Notes

2½ per cent Bonds

2¼ per cent Bonds

1½ per cent Bonds

⅞ per cent Certificates of Indebtedness

(The 1½ per cent bonds will not be offered during the drive to corporations.)

The drive for individuals extends from May 14 to June 30. However, intensification of E bond sales begins April 9, when those on payroll savings plans will be asked to enlarge their participation as a part of the Seventh War Loan. All E, F, and G bonds and Series C Savings Notes processed through the Federal Reserve banks between April 9 and July 7 will be credited to the drive.

From June 18 through June 30, subscriptions will be received from all other non-bank investors for the 2¼ per cent and 2½ per cent marketable bonds and the certificates of indebtedness.

Treasury asks no trading in the marketable securities and no purchases of such securities other than on direct



President Roosevelt tells Congress that the Crimea conference made "a good start on the road to a world of peace"

subscription, until after the closing of the drive on June 30.

The Treasury requests cooperation of all banks in declining to make speculative loans for the purchase of government securities, and in declining to accept subscriptions from customers which appear to be entered for speculative purposes. Acquisition of outstanding securities by banks, on the understanding that a substantially like amount of the new securities will be subscribed for through such banks, thus enabling them to expand their war loan deposit balances, is regarded as an improper practice by the Treasury.

From June 18 through June 30 commercial banks—defined for this purpose as banks accepting demand deposits—may subscribe for F and G Savings Bonds, and for the $1\frac{1}{2}$ per cent bonds and the $\frac{7}{8}$ per cent certificates offered in the drive, in aggregate amounts not exceeding \$500,000 or 10 per cent of the time deposits (of which not more than \$100,000 may be Series F and Series G Savings Bonds) under the same formula as was used during the last drive. Securities so acquired by the banks will not be included in the drive, nor will they be counted toward any quota.

Commercial banks will not be permitted to own the $2\frac{1}{2}$ per cent or the $2\frac{1}{4}$ per cent marketable bonds offered in the drive until within 10 years of their respective maturity dates.

Small Firms Will Need Help

Concerning the financial needs of existing small firms after the war, SWPC makes "broad, but seriously important" statements. "Do small business enterprises have the financial resources to meet the problems of readjustment after Victory in Europe?" it asks, and at once replies:

"Our own investigations and the studies of responsible research agencies indicate that little business, on the whole, is not prepared for readjustment. Unless little business has adequate financial resources, millions of workers will be out of jobs for an extended period.

"Reports received by the corporation from the officials of its 110 field offices throughout the country indicate that:

(CONTINUED ON PAGE 77)

Bretton Woods

In view of the harmonious relations which, throughout the period of the war, have prevailed between the banks and the Treasury Department, it is regrettable that criticism of the Bretton Woods monetary fund plan in the reports of the several banking committees should have become the occasion for official questioning of the bankers' motives.

At the outset, it needs to be understood clearly that there is no difference of opinion between the Treasury and any banker group over acceptance of the International Bank for Reconstruction and Development as proposed by the Bretton Woods Conference. There is no disagreement between them over the principle of repealing the Johnson Act of 1934, relative to the prohibition of securities offerings here by governments in default on obligations to the United States Treasury. Nor is there any cleavage over the proposal to expand the Export-Import Bank. Finally, there can be no difference of opinion among all Americans over the desire for employment and prosperity after the war. No one advocates depression.

These points, on which there is agreement between the Government and the banks, add up to potential billions of dollars of loans and credits—and exports—to foreign countries.

The banker position all along has been favorable to some stabilization lending and the A.B.A. report of last February recommended that the proposed international bank be given the power to make stabilization loans on a selective instead of automatic basis.

When the A.B.A. report on Bretton Woods was in the making and it became apparent that the opinion of committee members was overwhelmingly adverse to the fund, some A.B.A. members were hesitant and predicted that the publication of any banker criticism, however limited in application, would give rise to unfavorable publicity directed toward banks in general.

When this prediction was made, the majority of the committee decided that the banks had a responsibility much broader than their own self-interest; a responsibility to let their views on such an important matter as Bretton Woods become known to the general public. Indeed, many inquiries about Bretton Woods had been coming in to A.B.A. headquarters, inquiries from individuals and from other organizations; and it was clear to the Association's officers that they could not in conscience publicly pretend to endorse the whole Bretton Woods program, while privately disapproving of the fund.

Unfortunately, the reaction to the bankers' reports on the Bretton Woods agreements has contained strains of unmistakable bitterness and some protagonists of Bretton Woods, in seeking public support for the program without amendment of any kind, have resorted to appeals to the people's emotions. Such appeals, it has been noted, have been given considerable secondary circulation in print, and on the air.

Seldom, if ever, has so much publicity effort been expended anywhere, in so short a time, for the launching of a financial program.

Building for the Future

Timely Tips for Mortgage Lenders

MILES L. COLEAN

This article by Mr. COLEAN, prominent authority on residential construction, is the second in his series based on discussions at BANKING's annual round table covering the building outlook. Present at the 1945 meeting were officers of banks and insurance companies interested in the subject, and representatives of these companies: AMERICAN CENTRAL MANUFACTURING CORPORATION; AMERICAN HOUSES, INC.; ANACONDA COPPER MINING COMPANY; ARMSTRONG CORK COMPANY; ASSOCIATED GENERAL CONTRACTORS OF AMERICA, INC.; BRIGGS MANUFACTURING COMPANY; CRANE COMPANY; DOUGLAS FIR PLYWOOD ASSOCIATION; GENERAL ELECTRIC COMPANY; KIMBERLY-CLARK CORPORATION; PITTSBURGH PLATE GLASS COMPANY; PRECISION-BUILT HOMES CORPORATION; SERVEL, INCORPORATED; THE STANLEY WORKS; WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY; WEYERHAEUSER SALES COMPANY. Also, ARCHITECTURAL FORUM; CONSOLIDATED EDISON COMPANY OF NEW YORK; F. W. DODGE CORPORATION; JOHN B. PIERCE FOUNDATION, and PRODUCERS COUNCIL.

IN SPITE of high-powered and highly paid debunking campaigns, discussion of post-war miracles in house construction will not die. The prophets of new techniques continue to promise (and to promise too much), and the debunkers continue to protest (and again too much). The belief that things are stirring cannot be downed, for the belief is, after all, pretty soundly based. But the real facts are hard to get.

It is fairly certain that, in the first year or the first few years after the war, we shall be offered little that was previously unknown. The most striking innovations will, from the evidence we have, effect equipment and finishes rather than structure; and many of these will not in the strictest sense be innovations at all since they were known, if not widely used before the war. Such innovations do not imply drastic changes in the appearance or arrangement of the house or in its cost.

The mechanical equipment available for post-war houses will at first almost certainly follow pre-war models, although more items of equipment will be vigorously pushed in the market. Since the prospect here again, is not toward any decrease in cost and since, moreover, most of the new items can be installed in

older houses, no drastic influence on the general housing market need be anticipated.

These evidences, however, are no excuse for complacency. In laboratories and on designers' tables are many other innovations that are kept from public view by WPB regulations and by the manufacturer's natural inclination not to show his hand too soon. Implicit in many war developments are materials and methods that sooner or later will be adapted to house construction. Eventually the cumulative effect of what we know about now and what is yet to be unfolded to us will have a profound influence on the physical characteristics of dwellings, on their production cost, and on the organizations producing them.

In this article the bearing of technical changes on mortgage security—and especially on the security of existing houses—will be considered. Subsequently we shall examine the effects on financial practice and the mortgage instrument itself.

While important changes in the character of our housing are to be expected, and while the speed and scope of the changes require some anticipatory planning, the careful lender should find no cause for alarm about his present mortgage investments nor any reason for reducing his future outlays on mortgage loans.

THE most radical changes imaginable would still produce only gradual modifications in the total supply of housing. Taking non-farm housing only, we had in 1940 over 29 million dwellings (houses and apartments). During the Thirties we produced only three new dwellings for every five net additional families. In 1940, over 800,000 families were doubled up or living in the most makeshift kinds of shelter. The reduced amount of new construction during the war has, except in a very small number of communities, greatly aggravated the backlog of demand.

How great this backlog is, no one can positively say. But it is clear that several millions of families are living either in crowded conditions or in unsatisfactory housing, not because of deficiencies in income but because of an absolute shortage of supply. Any fair degree of pros-

perity will bring many of them into the post-war market for new dwellings. In addition, net family formation during the next decade is likely to be near 500,000 annually.

It is evident that a large annual volume of new construction could extend over a considerable period without seriously reducing the necessity for using all the good housing now in existence.

SUPPOSE we take, for illustration, an extreme view. Assume for a period of more than half a century we have an average production of a million houses a year, and that, of these, half would be required to absorb the backlog, provide for additional families, and take care of farm to city migration. This would leave 500,000 new houses a year that would be absorbable only by replacing an equivalent number of existing dwellings.

On such assumptions, the best of the existing supply would still be in use 50 years hence, while only the most obsolescent need be considered in danger, marketwise, in the early post-war years. It would take close to a generation before widespread change could be evident in the supply as a whole.

What's Likely to Happen

Actually, the situation is likely to be much less extreme. After construction is permitted to resume, it will probably be at least three years before production could reach a million units a year. During that time, the backlog would be mounting, the existing supply, while fully used, would continue to deteriorate, and existing loans would continue to be amortized. The amount of replacement that will occur during the first post-war decade would thus be small, and the total period over which the whole of the existing stock could be replaced would undoubtedly be extended.

The same factors influencing the replacement of the housing supply have a bearing on trends in price. A combination of shortage and wartime cost increases have forced costs upward since 1940. Short of a calamitous reduction in national income, there is little prospect of violent price reductions in the early years of the post-war period.

THE prospect of an augmented supply may, with the ending of the war, halt the present upward trend in the prices of existing houses, or turn the trend slightly downward.

But as long as a shortage exists—and in most places it will continue to exist for some years—major reductions are not to be anticipated.

Consequently, even though there might appear more certain means of reducing new construction costs than may now be safely prophesied, these savings would not be generally reflected in the sales prices or rentals of housing until increasing competition forces the issue. The normal operation of the market may thus serve to cushion the adjustment of price that will ultimately be the result of technical change.

The now widespread use of the amortized mortgage should also provide a shock absorber. Most of the houses now so mortgaged (barring a long continuation of the practice of refinancing such mortgage for another maxi-

mum term) will be well paid down before any serious readjustments have taken place. Normal amortization schedule on houses built after the war ought to keep outstanding balances reduced well ahead of price reductions on later construction.

IT may be safe to assume that no inevitable catastrophe lies ahead in mortgage lending. This fortunate situation, however, does not mean that a catastrophe cannot occur. Although there may well be ample time to move around in, the necessity for doing that moving around remains.

The fact of an accelerated note of technical change—once new construction is well under way—must be faced, as well as the fact that such change may ultimately speed up obsolescence and reduce prices.

Six Suggested Policies

What policies will be helpful in meeting such a future? The following are offered for consideration:

- (1) **Keep informed as to the market.** That part of the market in your community where the potential demand is greatest is the part least likely to suffer from changes either in style or price.
- (2) **Keep informed as to prospective change in the physical characteristics of houses.** Study its effect on cost and on the acceptability of older dwellings.
- (3) **Urge your borrowers not only to maintain their dwellings but to keep them up-to-date.** Probably most of the future innovations will be adaptable to older houses. A slight increase in an outstanding loan in the interests of modernization may prove to be excellent mortgage insurance.
- (4) **See that dwellings taken as security for the maximum loan period are well designed, well built, and embody the best in materials, methods, and equipment that we now know.** Such houses will be well in advance of the bulk of the existing stock. Moreover, a convenient, comfortable house remains so always. And a house that is structurally sound does not become less so because new ways and means of accomplishing a structurally sound job are discovered.
- (5) **Give particular attention to neighborhood factors.** Just as a poor neighborhood can speed the obsolescence of otherwise usable houses, so an attractively planned and planted neighborhood can give added life to dwellings that otherwise are past their prime.
- (6) **Be cautious about the amortization period in respect to dwellings that are under the best of their price class.**

If these principles are followed, technical progress should be no bugbear to the lender. Instead, he may confidently and profitably encourage it and ride with it, recognizing that it will make for continued production of new dwellings and for continued demands for new credit.

A Community Building Program

MELVILLE M. PARKER

MR. PARKER is president of the Lebanon County (Pennsylvania) Home Planners' Institute, which he here describes, and cashier of The First National Bank of Lebanon.

TO HELP people realize their dreams of the new homes they will own when restrictions are lifted, and to enable them to translate their wartime wishes into plans for savings and building, the Chamber of Commerce of Lebanon County, Pennsylvania, has organized a Home Planners' Institute. This is a cooperative movement underwritten by banks, contractors, building supply firms and retail stores. It is designed to accomplish three different major objectives: the creation of post-war employment; the fulfillment of Lebanon's need for modern housing and property renovation; the encouragement of saving for that purpose.

The Institute now has 45 sponsoring firms, each contributing \$15 to defray organization expense, printing, advertising and other incidental costs. Seven banks are included in this group, all of which are offering savings plans whereby the customer can put aside, periodically, a definite sum of money which draws regular savings interest. The banks also will hold War Bonds free of charge if they are deposited for safekeeping in the home planner's account. Recognizing that making the down payment on a home is the biggest problem of would-be

home owners, special emphasis has been put on the savings feature of the Institute. The home planner is encouraged to set a definite goal and accumulate his down payment over a one-, two- or three-year plan.

People must have something more than just a savings account to sustain their interest while they are dreaming and planning their post-war homes. To stimulate continued enthusiasm and gain the support of the public, the Home Planners' Institute ran a series of newspaper advertisements inviting interested persons to send in a coupon which would entitle them to attend free meetings and obtain advice and instruction on the various phases of home planning and building.

For a small city (population 28,000), results obtained were amazing. At the first meeting, addressed by Russell V. Black, consulting engineer, Lebanon City Planning Commission, 75 persons came to hear a discussion on "Selection of a Building Lot." A month later, after additional names were received through the coupon method, the second meeting was held on the subject of "Home Design," led by Byron W. Whitman, a builder. Prior to this meeting about 100 names had been registered, but the total number of persons attending was 145.

THE third meeting scheduled is on the topic "Home Financing," the speakers being Earl L. Frankhouser, title officer, Berks County Trust Company, Reading, and William P. Carson, administrative officer, Philadelphia office, Federal Housing Administration. Future meetings are planned on heating, plumbing, electric wiring and fixtures, painting and decorating, insulation, kitchen planning, house furnishings and appliances. The monthly speaking program is always followed by a question period, and an idea file and scrapbook are given the registered members so that they can preserve clippings and notes from the lectures.

Prior to each meeting, announcements are made in the newspaper, window displays are presented by the sponsors and invitations are sent to members. The Institute operates through an executive committee, elected by the sponsors, and is entirely a non-profit organization which does not promote any firm or brand but is only interested in a constructive post-war housing program for Lebanon.

Home building is a local industry that can start almost immediately, when labor and materials are available. As Lebanon war plants curtail production and as Lebanon boys return from the armed services looking for jobs, a well-planned home building program will provide work for a host of men in not only the direct building and material trades, but also in many allied lines incident to the construction and equipping of a home.

A Home Planners' Institute is common-sense post-war planning in which every American community, little or big, can take part.

A newspaper ad boosting the Institute



What's The Stuff Dreams Are Made Of?

*Your Fondest Dreams Are Probably Made of Wishing
But Dreams and Wishes Are But Empty Nothings Without
Sound, Intelligent Planning and Systematic Saving*

So That **You** (regardless of the size of your income) **MAY**
Have the Postwar Home of Your Dreams . . .

Your **HOME PLANNERS' INSTITUTE**
of Lebanon County Offers You a Sound Plan

Bank Credit for Home Ownership

BANK credit will be available to encourage the building and ownership of homes throughout the United States in the post-war period, according to a statement by the American Bankers Association filed with the Subcommittee on Housing and Urban Redevelopment of the Senate Committee on Post-War Economic Policy and Planning.

A statement of the A.B.A.'s position on mortgage lending by banks and on post-war public housing was made by F. G. Addison, Jr., chairman of the Committee on Federal Legislation and president of the Security Savings and Commercial Bank, Washington, D. C. The statement is the outcome of study given these subjects at the request of A.B.A. President Burgess in joint meetings of representatives of the Savings, National Bank and State Bank divisions, and of the Office of the General Counsel. It follows:

Mortgage Lending by Banks

The making of mortgage loans has always been an important function of banks. State-chartered commercial and mutual savings banks have been actively engaged in making mortgage loans for more than a hundred years. This is a natural function of banks in view of the large volumes of savings funds which they held.

The amount of savings and time deposits held by national banks, state-chartered commercial banks, and mutual savings banks totaled in 1944 nearly \$34 billion and each type institution held over \$10 billion.

The major portion of these deposits belong to the thrifty common people in the local communities in which these institutions operate. Little by little they have managed by prudence and frugality to accumulate these reserves. Half of the accounts have balances of less than \$150. Thus the banks are and have been the custodians of a major portion of the savings funds of the American people.

A considerable portion of these savings funds is invested in mortgages on real estate, principally on

homes. During all the years from 1910 to 1944 the funds invested in mortgages have represented from 20 per cent to 40 per cent of the savings funds held by banks.

A survey made in 1940, the last year prior to the war, revealed that 5,001 commercial banks and 294 mutual savings banks made a total of 308,818 new mortgage loans in an amount in excess of \$1,157,000,000.

In 1944 savings and time deposits in banks had reached almost \$34 billion. Approximately 60 per cent of these deposits, or in round numbers \$20 billion, are available for investment in mortgage loans. Thus, the banks are in a position to extend credit in the post-war period to encourage, so far as it may be sound to do so, the building and ownership of homes in almost every county in the United States.

Post-War Public Housing

With respect to a public housing program in the post-war period, the following observations which repeatedly occurred in testimony, before the Subcommittee on Post-War Housing and Urban Redevelopment, should be emphasized:

(1) The major task of providing homes in the post-war period and especially the encouraging of widespread home ownership is a responsibility that must be discharged through the usual channels of private enterprise. A public housing program should supplement rather than compete with this responsibility of private enterprise.

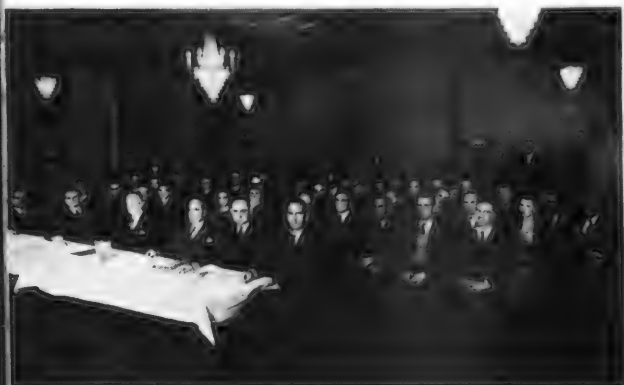
(2) The primary responsibility for the elimination of slums and the improvement of housing conditions for the lower income groups must progressively be assumed by local and state governments. The responsibility of the Federal Government should consist primarily in assisting and supplementing the efforts of local and state governmental bodies.

(3) In view of the unprecedented size of the Federal Government debt and the probable demands which will be made upon the building industry in the immediate post-war years, the volume of funds made available by the Federal Government for public housing purposes should be given most careful consideration. If a program of building public housing of any considerable magnitude should be undertaken primarily through the use of Federal funds, a double pressure would be exerted in an inflationary direction. Additional government debt would further expand credit and additional demands would be created for both labor and materials for building purposes at a time when the resources of the building industry will probably be taxed to capacity.

The rise in prices of real estate is already giving considerable concern. Any upward trends in the cost of building in the post-war years will increase this tendency.

Demands for the product of the building industry will extend throughout the economy in the post-war period. The timing of a program of construction of public housing is therefore important if it is to be conducted so as to supplement rather than compete with private building and avoid an inflationary effect upon the markets.

A meeting of the Lebanon Home Planners' Institute
(see page 51)



The Country Banker

FREDERICK LEWIS

News Notes for Country Banks

Farm Credit Investigation Urged

TESTIFYING before the Committee on Agriculture of the House of Representatives on the so-called "Land Bank President's Bill," which would increase the Federal Land Bank loan limits from 50 per cent to 65 per cent, and would make other changes in the land bank system, former A.B.A. president A. L. M. Wiggins made an urgent plea for the general farm credit investigation which has been promised for many months.

A special committee headed by Representative Harold D. Cooley of North Carolina was empowered last June by the House of Representatives to conduct an investigation of the Farm Credit Administration. Although a large volume of data was obtained on the various lending agencies supervised by FCA, the Cooley Subcommittee held no hearings and made no recommendations, and its life and authority expired with the 78th Congress. Since the new Congress convened, informal assurances have been given from time to time by members of the House Committee on Agriculture that a broad investigation of farm credit would be conducted soon.

"Where bits and pieces are done to relieve a specific irritant," Mr. Wiggins told the Committee with reference to the bill on Federal Land Banks, "we are apt to neglect the whole picture." He urged an investigation of the Farm Credit Administration, which would include the Production Credit associations.

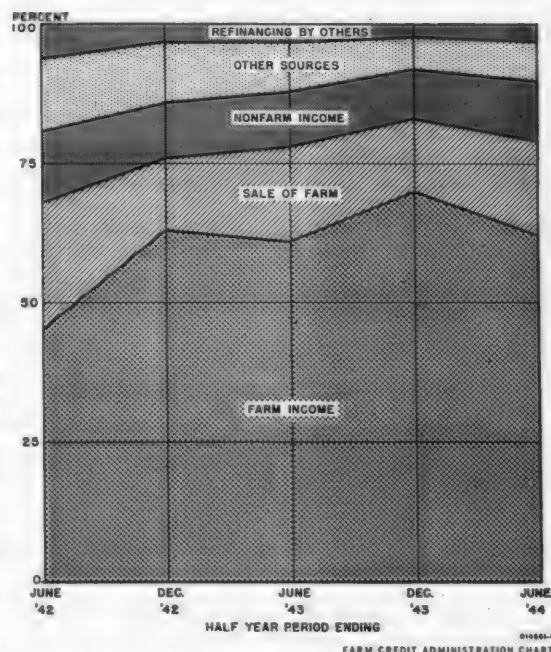
The Federal Farm Mortgage Corporation is an institution created to relieve farm distress during the depression, and should be liquidated now, said Mr. Wiggins.

Helps for Would-be Farmers

Farmers' Bulletin No. 1961, "Getting Started in Farming," and a mimeographed publication "How To Get Help in Buying a Farm — Special Information for Returning Servicemen," are among recent materials prepared by the U. S. Department of Agriculture. Earlier publications have been noted in these columns, as well as some of the many bulletins available from state colleges of agriculture designed to keep "back-to-the-landers" from making mistakes. Copies of these publications are available upon request.

WHERE MONEY CAME FROM

To Pay Off Federal Land Bank Loans*



Over half a billion dollars was received by the Federal Land Bank System as payment in full before maturity of farm loans during the two and a half years ending June 30, 1944.

More than 60 per cent of loans paid in full were paid from current income and savings, 15 to 20 per cent from sale of the farms mortgaged, a little over 10 per cent from non-farm income, about 7 per cent from other sources such as sale of mineral rights and timber, and less than 5 per cent from refinancing.

Total Land Bank and Land Bank Commissioner loans

*Including Land Bank Commissioner loans.

outstanding decreased from \$2,361,000 at the end of 1941 to \$1,467,000,000 at the close of 1944.

Controls Over U. S. Corporations

The Production Credit Corporation, the Federal Farm Mortgage Corporation, the Commodity Credit Corporation, and many other government-owned corporations are to be audited once a year hereafter by the General Accounting Office, under a little noted provision of the "George Bill." (The main object of the bill was to take the RFC group of lending agencies out of the control of Commerce Secretary Henry Wallace.)

Following the audit, a report shall be made to Congress showing the true condition of the various government-owned corporations. (The General Accounting Office is directed by the Comptroller General, who is independent of the President and is responsible to Congress only.)

Regarding the government capital invested in the corporations, the Comptroller General is to include a report of any impairment that may exist and may include "recommendations for the return of such government capital or the payment of such dividends as, in his judgment, should be accomplished."

Apparently the Federal Land banks, Production Credit associations, and Banks for Cooperatives are not subject to the new legislation because they are not wholly owned by the United States. A bill sponsored by Senators Byrd and Butler is before the Senate which would, among other things, extend fiscal controls to the Federal Land banks, the Banks for Cooperatives, and the Federal Home Loan banks, as long as they have government capital.

Slight Decrease in PCA Operations

Loans made by production credit associations fell off slightly from \$501,000,000 in 1943 to \$490,000,000 last year. Loans outstanding at the end of 1944 were \$192,000,000, a decrease from \$199,000,000 a year earlier.

There were 515 PCA's in operation at the close of 1944, a decrease of eight during the year. The reduction resulted from consolidations. In such cases, the territories of the eliminated associations are assigned entirely to the consolidated associations, or parts of the territories are split off and assigned to neighboring associations. No agricultural counties are left outside of the territories of operating PCA's.

Government capital in PCA's was decreased from \$75,793,000 to \$63,439,000 during the year. Only \$5 million of this reduction was repaid to the Federal Treasury, however, and the net paid-in capital of the 12 Production Credit Corporations was increased from \$44,207,000 to \$51,561,000. These regional corporations supervise and assist the PCA's, and are wholly owned and controlled by the Government, whereas the local PCA's are partially owned by farmers.

The American Bankers Association, while recognizing the right of farmers to have cooperative enterprises, vigorously advocates that government subsidy to the Production Credit System be terminated, and that a fair rate of interest should be paid for the use of any government capital retained by any agency of the system.

Illinois PCA Retires All U. S. Capital

The Kewaunee Production Credit Association, operating one of 20 PCA's in Illinois, has paid off all of its Class A stock owned by the Production Credit Corporation of St. Louis, and thereby became the first PCA in the United States entirely owned by its members.

RACC on Reduced Basis

Government capital in the Regional Agricultural Credit Corporation has recently been reduced by \$39,500,000, leaving only \$5 million now in the agency, which has been restricted by Congress to making loans only where adequate credit is not otherwise available for needed agricultural production. Loans made in 1944 totaled \$15,700,000.

Loans by this agency in 1945 have been authorized in California, Colorado, Idaho, Kansas, New Mexico, Wyoming, and certain counties of Virginia for the production of specified crops and poultry. Many of these loans in the western states are to produce turkeys.

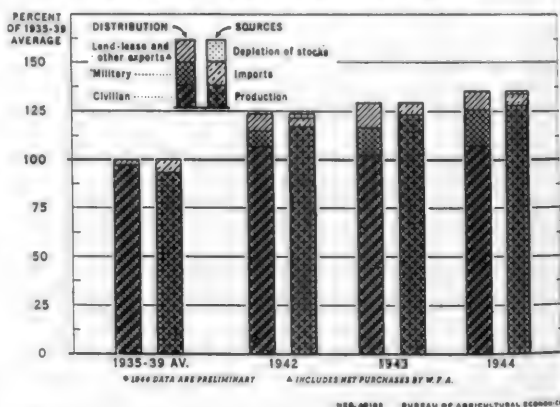
Post-War Farm Price Contest

Eighteen awards ranging from \$5,000 to \$250 are offered by the American Farm Economic Association for suggestions on constructive post-war price policies for agriculture, including needed parity price formula changes.

Contest entries must be in by July 15. Information on entry rules may be obtained from Dr. Asher Hobson, association secretary-treasurer, at College of Agriculture, University of Wisconsin, Madison.

U. S. FOOD SUPPLY:

How Used and How Obtained



Disappearance of food produced in or imported into the United States was 35 per cent higher in 1944 than the average of the five years before the war began. About 21 per cent of the food disappearance in 1944 consisted of takings by the armed forces, lend-lease, exports and shipments (two-thirds of that quantity went to armed forces and one-third to other noncivilian food uses).

Most of the increased use of food in 1944 was made possible by larger production. Commercial stocks, which had become quite large by the end of 1941 were reduced last year below the 1935-39 average, however.

The Real Pay for Clerking Auctions

C. W. FISHBAUGH

The assistant cashier of the Security Trust & Savings Bank of Shenandoah, Iowa, thinks that in "clerking" farm sales country banks have an excellent opportunity to get new business.

CLERKING the farm sale is hard work, and cold work. It takes both speed and accuracy. The fact that it is such exacting work has made it rather a disliked task in most banks, and in recent years a good deal of this business has been slipping into private hands. In many towns there is a regular sale clerk and the banker is no longer called upon.

I believe the banker should make every effort to maintain this business. If it is profitable to a private individual it should be profitable to a bank. Part of the trouble lies in the old custom of free service. Years ago a farmer would come to the bank and say, "Well, Charlie, I'm having a sale next month, will you clerk it? . . . Oh, yes, what will you charge?" The customer had a savings account and borrowed money at times so Charlie would reply, "Forget the charge. Glad to do it for you. Part of the old Security's service." That was during the time banks were giving cameras away for every new account opened.

With the advent of the service charge, the banker began to question the wisdom of clerking the sales free.

He not only operated at a loss, but it seemed as though his services weren't worth much. At this stage he started to make a small charge, \$5. Later the price was raised to \$10. The size of the sale mattered less than the size of the man's bank account. The charge never was on a really profitable basis and for this reason clerking sales became a kind of ugly duckling stepchild.

Now most banks have arrived at a fee they believe at least pays the expenses. Generally it is \$15 minimum or one-half of 1 per cent gross receipts, whichever is larger. This is more equitable and is based on the same principle as the auctioneer's fee. The reason bankers have recently shied away from clerking sales is not so much the fee as the labor shortage. As a rule the clerk is an officer in the bank, and many feel that they cannot spare the time.

This is a very false conception. There is more compensation to the bank than the actual cash involved. It gives the banker a chance to do a little "missionary work" among his customers. He gets to see the farmer on his home grounds; he can see as well as hear his problems. He can learn more about farm prices at one sale than he can by reading the stock paper for a month. It is easy to read that milk cows are selling for \$100, but if he clerks a sale, he can see what type is selling at that

(CONTINUED ON PAGE 114)

A Leslie's Illustrated newspaper artist thus depicted an auction at the Court House, Savannah, in 1867



Reducing Livestock Costs

C. C. LEWIS

MR. LEWIS, *president of the Citizens National Bank of Point Pleasant, West Virginia, is also a breeder of milking short-horn cattle at his farm, which has been owned and operated by the Lewis family since 1800. His knowledge of agriculture, and particularly of livestock, is always at the command of the bank's customers. MR. LEWIS writes that he was much interested in BANKING's January article, "A Farm Credit Banker Visits Rich Coast," because last year he sold a shorthorn bull to Sr. Bernardo R. Yglesias, head of the agricultural department of the National Bank of Costa Rica, whose work was described by our author, Phil S. Eckert.*

BANKERS would like to help farmers, but they do not always know how. Too often they follow the conventional rut and repeat the advice given by those who speak from ulterior motives or are tradition ridden. This is particularly true as it relates to cattle.

For example, we are enjoined to foster calf clubs, of which the ordinary procedure is as follows: The boy is advised to buy or is given a calf of one of the highly specialized beef breeds. He takes this calf home where it has unlimited access to his mother's milk cows and his father's grain bins.

When show day comes, if he is lucky enough to win, the boy is patted on the back; photographed with his calf by the breed association of which his animal is a representative; given a big check by some packing house or hotel desirous of publicity; and the event is publicized in the next Sunday edition.

Now what has the lad learned? Certainly not the lesson of economical production, and that the cost must be less than the market price if the producer is to survive.

ANOTHER favorite form of tuition is the "field day" at some rich fancier's country estate, whose owner has made his shekels in other fields than farming, where one sees on parade those monstrosities, the milkless beef cows—great walking lumps of tallow, whose occasional calf is suckled by wet nurses, the latter being carefully relegated to back pastures on the big day.

Maybe the lesson to be imparted is to emulate the milk record of some thin-skinned cow of the extreme dairy breeds, which does her stunt under hot house conditions; is fed everything, including her own milk, that her pampered appetite craves; and is milked four times a day. Our farmer may even be induced to buy, at a stiff price, a bull calf out of some such cow, in the fond



hope that her records will be equaled under farm conditions; but he is doomed to disappointment.

How much of the foregoing is due to our national thought habits I do not know. Certain it is, however, that we Americans demand extremes. Our skyscrapers must be the tallest, our race horses the fastest, our draft horses the biggest. We forget that such results are nearly always obtained by the sacrifice of valuable qualities, including profitable returns.

It might be well for us to consider, and largely follow, the methods of the Old World farmers who prefer the dual purpose type of cattle. Even the breeds that America has converted into extremes are less extreme in their ancestral homes. Certainly it is both economical and natural that a cow be able to suckle her own calf if beef be the object, or store flesh, while dry, to be turned into milk during the succeeding lactation.

The need for a revision of our methods is accentuated by the depletion of our soil resources. If we are to save what is left of our soil, more and more must it be covered by forests and grass. Never again will we have such store of cheap grain as in the past has been crammed down the throats of range bred feeders or eastern dairy cows. The baby beef of the future must be the offspring of thick fleshed, big milking dual purpose cows that will act as food transformers, turning cheap pasturage and hay into rich milk. This milk, along with a modicum of grain, fed to the calves in creeps, will make acceptable steers weighing about 800 pounds at 14 months. Likewise, this type of cow over a period of years will produce market milk as *cheaply* as any. The great bulk of England's milk comes from such as they.

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*Perhaps what Poland needs is another good piano player.*

*When they award the next Pulitzer book prizes for the best definitive biography, we would like to submit our last income tax report.*



*It's getting so a man doesn't know what he thinks until he consults the latest popular poll.*

*When you try to define a living wage, it depends on whether you are giving or getting it.*

# Act I of a Repeat Performance

V. B. HART

*Here is the third in Professor HART's series on the five-point program of the Agricultural Commission, American Bankers Association. The author is assistant professor in farm management, New York State College of Agriculture.*

**I**N MOST parts of the United States, good farms are still reasonable in price, but in the country as a whole farm real estate prices have risen 50 per cent since 1939. The third point in the five-point program of the Agricultural Commission of the American Bankers Association is: "Work to Prevent a Land Boom." Whether we have another land boom will depend much on the credit policies and advice given by country bankers.

## How a Land Boom Is Made

When prices of farm products rise or fall, prices of farm real estate follow, but with a considerable lag. When prices of farm products are rising, one of the first indications of a coming rise in the price of farm land is when people start saying, "Land values have not risen any, but you can now sell a good farm for some kind of a price." A few sales are made at this stage between distressed owners and persons who buy farms to operate. After prices of farm products have risen some more, the price of land begins to go up a little. Then we have about an average number of retiring farmers selling their farms to younger men.

If prices of farm products rise enough, two things happen. Local non-farm people start buying farms as an investment or speculation, and many young men with limited capital are kept from buying good farms. These young men then start buying poor ones and the price of poor farms goes up. The last stage in making a first-class land boom is when investors in large cities start sending money out to country banks and other agencies with instructions to "buy me some more land." Since 1933, prices of farm products and prices and movements of farms have been following closely the first part of this standard pattern for making a land boom.

## How Much Is a Farm Worth?

Just after World War I, I attended a meeting of bankers and other business men in the Middle West and made some inquiries about land values. Corn was selling for around \$1.50, hogs for \$16, and cattle for about \$10. Farmers in the South were getting 30 cents for cotton and northeastern dairymen \$3.50 for milk. One banker present said, "Well, I bought a half section myself the other day for \$300 an acre; but that's no inflation, for land like I got is worth \$300."

Probably the banker was right about the farm being worth what he paid for it—that is, with \$1.50 corn, \$16 hogs, and \$10 cattle. But just what was that farm worth with 25 cent corn, \$4 hogs and \$3.50 cattle?

This last year I attended another meeting in the



N. Y. STATE COLLEGE OF AGRICULTURE

What will this farm be worth in 1955?

Middle West and again inquired about land values. The figures quoted this time were considerably lower than in 1919, but some of them were beginning to look like real money. Again values were apparently being figured on present-day prices of farm products.

## The Opposing Factors

One of the factors against having a land boom is the memory of what happened before. But the memory of man is short and it is human nature to think that this time "we have quite a different situation." Also it has been 25 years since the peak of the last land boom, and a new generation of farmers and investors is now in the picture. Another factor tending to curb the demand for farms and runaway real estate prices is the present shortage of labor and farm machinery.

Three powerful factors favorable for a land boom are our present low interest rates, fear of inflation, which makes many persons want to put money into farms as an investment, and the large demand for farms by war veterans and workers in war plants. Another most potent factor for making a land boom is, of course, the old one of rumors and predictions that land values are going still higher.

## Will It Come Again?

The writer believes that whether we have a land boom will depend on five things: (1) How much we remember about what happened before; (2) how long our present relatively good prices of farm products continue; (3) how much weight purchasers give to the income a farm will produce over a period of years; (4) the lending policies of banks and other credit agencies; and (5) the kind of advice given the younger generation.

The stage is certainly set for a first-class land boom and the curtain has gone up on the first act. How much of the rest of the show we are going to see will depend a lot on the enthusiasm and judgment of the audience. Right now the crowd seems to think it is a good show.

# Merchandising Country Bank Services

## Advisory Committee

**A**BOUT a year ago, the BATH (New York) NATIONAL BANK organized an advisory committee of 40 men—farmers, farm machinery and equipment dealers, automobile dealers, and others directly involved in the welfare of local agriculture: to assist in the direction of the bank's outside farm program. Farm members, selected in strategic areas, man the listening posts and keep the group informed on local activities and problems.

Several times a year, dinner meetings are arranged for the group by officers of the bank for a general review of the farm situation. The guest list generally includes the Farm Bureau manager, County 4-H agent, the high school agricultural teacher, and the editors of the two local newspapers, who, incidentally, give the meetings widespread publicity. This plan keeps the bank in close touch with the agricultural interests, and develops closer cooperation in the common cause.

Says C. J. Hamilton, cashier: "A good many loans have been added to our portfolio as a result of the recommendations of this group. Whenever a prospect is suggested by a member of the committee, our junior clerk, in charge of the agricultural department, makes a personal contact to offer the bank's services."

## Talk the Farmer's Language

There's an old axiom—"You have to talk the farmer's language to gain his confidence." It implies, of course, a practical knowledge of his business, his problems, and their solution. But a literal interpretation can be applied as well.

Take certain sections of rural Pennsylvania which are populated largely by Amish and Mennonite farmers—one of the many sects in this country whose cultures and traditions are rooted deep and remain inviolate. To know these folk is to speak their language—a quaint dialect of Pennsylvania Dutch.

A man with such a qualification was picked to handle field work by the LANCASTER COUNTY NATIONAL BANK. His contacts are developed on an intimate, friendly basis, while visiting in the homes of farmers and cattle raisers of the district. This personal factor is carried still further, for the field man is on hand in the bank lobby each Saturday morning to welcome rural patrons and personally supervise whatever service they may require.

"It is a good set-up," writes Cashier H. F. Diffeffer, "and we've never regretted the inauguration of this outside program."

## Getting at the Source

"We view agriculture as a basic industry," writes J. F. Kennedy, president of the FIRST NATIONAL BANK, New Hampton, Iowa. "When a farmer raises 100 bushels of corn, and sells it for \$100, he creates new wealth. Our efforts, therefore, have been largely devoted to the source of such wealth—the soil—with a program of proper land use and conservation."



A throng of German civilians, near Mannheim, Germany, after the retreat of the Nazi Army, is fed under the supervision of American soldiers of the First Army

Here are the steps adopted: First, the bank surveyed land ownership in its territory and set up three classifications: (a) farms occupied and operated by owners; (b) locally owned farms occupied by tenants; and (c) farms owned by non-residents and operated by tenants.

Second, a well-conceived plan to promote farmer-operator ownership was directed at the latter groups for these pertinent reasons: The farm to the farmer-operator is *his* home as well as *his* business. His interest in maintenance and improvements is far greater than that of any non-operator. Furthermore, tenant farming is more or less unstable, and tenant changes often interrupt and frequently destroy the value of a practical crop rotation scheme. There is also a greater degree of permanence and security to agricultural wealth in the hands of farm owners.

"In extending credit," says Mr. Kennedy, "we are guided by several basic principles. We feel an obligation to assist each farmer-borrower. He knows farming—and we think we know financing. We may at times be obliged to refuse an application, but we take time to work out his problem, often by a simple suggestion or possibly through an entire refinancing program.

"When credit is extended, we want all the farmer's debts in one package—no outside machinery loans held by finance companies or government agencies. The borrower is thus in a better position to plan the liquidation of his debt at one source. It gives him a feeling of security and reduces his worries (and ours). It keeps his floating debt under control, where it can be liquidated without disaster.

"Our motives are not entirely altruistic. We are vitally interested in the farmer because he is the backbone of our business. By a really unselfish interest in his welfare, we gain his confidence. We find that when he needs financial service, he comes to us."



In conclusion, Mr. Kennedy states: "We are in the farming business up to our ears and like it. It is a business in every sense of the word, and if it isn't run in a businesslike way, it doesn't succeed."

### Auction Profits

THE FIRST STATE BANK of Ravenna, Michigan, reports a profitable experience on clerking auctions. "At first, we took whatever sales came our way," writes S. J. Linch, cashier. "We charged one-half to 1 per cent for clerking and discounted notes at 3 per cent, without recourse. We now have arranged a flat fee of 5 per cent with the auctioneers with whom we work. The auctioneer takes 2½ per cent as a fee, which covers his expenses and advertising costs. Our half of the fee covers the clerking, notes and collections. By this method, the farmer has no responsibility, and receives 95 per cent of the total proceeds within about three days after the sale.

"Our aim is to give the best possible service. Last year, we clerked 76 auctions for a total of \$240,000. This volume meant a nice profit, but in addition, it was an opportunity of spending 76 days in the field where we made a host of friends. Our loan policy is considered very liberal. Most loans are secured by chattel mortgage. If for any reason we cannot extend credit to a farm borrower, we get in touch with the FSA, and if they approve the loan, we accommodate the farmer with a temporary loan immediately, and wait until it is taken up by the FSA. The idea is simply to save as much red tape as possible for the customer."

### New Farm Income

"Ours was not a deliberate and intentional plan," reports George M. Clark, president of the PIONEER BANK of Chattanooga. It developed, in fact, as a result of personal observations of the effects of excessive rainfall and row cropping practices, which over a period of years had reduced area farming to a bare subsistence level. It developed as an idea—to revitalize the farming communities by introducing a new source of income—dairy farming.

As treasurer and member of the executive committee of the Chattanooga Chamber of Commerce, Mr. Clark proposed a study of area conditions with a view toward sponsoring a butter and cheese plant in the county. Facts revealed that due to insufficient herds of dairy cattle, the project was pre-doomed; that higher prices attracted city delivery of raw milk, due to an acute shortage.

To provide an incentive for the improvement of local dairy herds, the bank purchased a prize bull from Happy Valley Farms of Rossville, Georgia (one of the top-notch Jersey breeders in the country), and inaugurated an artificial insemination program.

This move drew wide interest, and stimulated a great deal of talk about dairy possibilities in the county—all of which helped push the bank's program along. Farmers were also encouraged to start successively new milk routes, which were at first a losing proposition, but now net \$100,000 additional income for new dairymen served.

Numerous community meetings were held in churches and school houses throughout the county to discuss the

bank's program and explain its aims and advantages. "A few of us formed the Sequatchie Valley Jersey Association," says President Clark, "and proceeded to solicit local business men both in town and in the county to support a Jersey show. The prizes assembled were very substantial. The show was a smash hit." Throughout the initial program, the bank sponsored weekly advertisements, featuring its bull program, in area weekly newspapers, and covered rural box holders with direct mail promotions.

While actual profits of the plan are still in the offing, Mr. Clark claims that in publicity value alone this program has been worth \$10,000 worth of paid advertising for his bank. "We know it is a good thing for us and that we shall eventually draw dividends from the new group of dairy farmers. We have actually received more business indirectly from business firms who deal with our farm customers and prospects, than through the farmers themselves. We have, in short, created the right impression of being public spirited and progressive," says Mr. Clark.

### Farm Department

THE PEOPLES SAVINGS BANK of Cedar Rapids, Iowa, developed its farm program in gradual stages. Originally, all field contact was under the charge of a vice-president. Later, the bank employed a part-time man to inspect farm security under chattel mortgages. Then, in early 1940, the bank launched a fully rounded program, with a special farm service department, headed by an experienced, full-time executive, J. Keith Noll, former local manager of the FSA.

Getting off to a good start, the bank sponsored a reception and dinner for area farmers to introduce Mr. Noll and explain the objectives of the bank's outside program. In addition, news releases covered the country press, followed by paid announcements. A final coverage by mail to every rural boxholder was effected with a four-page letter, which included reprints of news stories and advertisements.

During the first year Mr. Noll reported 389 individual farm visits, not to mention general appraisal work and attendance at farm and livestock auctions, Farm Bureau, township and cattle feeder meetings, fairs, shows, pasture clinics, and county agricultural planning com-

Plaque and \$100 War Bond was presented by Oregon Bankers Association to Benton County 4-H Club in recognition of producing sufficient food during 1943 to supply 78 service men for one year. *L. to r.,* Mitchell Tillotson, association president; H. W. Gauntlett, chairman Association's executive committee; William K. Farrell, Benton County 4-H Club leader; and H. C. Seymour, State 4-H Club leader



mittee meetings, the National Farm Institute and Dairymen's School—effective coverage and representation which for the bank would otherwise be impossible.

Mr. Noll has no rule of thumb, no formula, in making farm calls. He is out in the field every day except Saturday—the farmer's day in town.

A card index is maintained on all field calls, including date of the visit, the number, kind and condition of livestock, crops, equipment and general condition of the farm. In some cases a narrative report is kept, elaborating on details affecting credit risk.

One effective stunt in the bank's merchandising program of farm service was an open house reception staged at the main bank and the branch office at Newhall, Iowa. Customers were taken behind the scenes, shown the routine of departmental operations, and machine demonstrations. As favors, the bank distributed record books to the men, coin purses to the ladies and pencils to the children.

To give continuity to its friendly contacts afield, the bank sponsors a newspaper column, called "Barnyard Chatter,"—a bit of home-spun philosophy and news items of local interest.

### Trust Session

Recently, the two banks of Jefferson, Iowa, cooperated on a little plan to prompt a friendlier, more cooperative relationship with local attorneys, reports Warren Garst, cashier of the HOME STATE BANK. A trust dinner meeting was jointly sponsored by the banks and attended by practically every attorney in town. A guest speaker was furnished by the CENTRAL NATIONAL BANK of Des Moines. Some gripes were mentioned during the open discussion, "but," says Warren, "all in all, the meeting had a fine tone, and will help us all do a better job."

Mr. Garst's bank recently took a group of boys to Des Moines to a fat lamb show in an effort to stimulate interest in lamb feeding. The bank feels that the \$160 cost to the bank was more than repaid by the newspaper and word of mouth advertising resulting from the trip.

The HOME STATE BANK, as a goodwill gesture, also entertained local REA directors, AAA committeemen, farm bureau directors recently at three combination dinner and theater parties, when no business was discussed.

### Letterheads

The other day, we received a letter from Bill Bailey, president of the FIRST NATIONAL BANK of Clarksville. The letter carried a subtle story—that's right—about the "Four Pillars of Income." Across the foot of the letterhead, reproduced in full color lithography, are the four seasonal crops which have spread the fame of the Clarksville plan—sheep, wheat, cattle and tobacco. The same representative illustration set atop Grecian columns are also reproduced on the envelope. It strikes us as a particularly effective way to drive home an objective. Illustrated letterheads, at little cost, can plug a story for any institution—land use, soil conservation, reforestation, dairying, special crops—to mention a few.



In Adams County, Pennsylvania, Farmer John Lucabaugh, left, buys a bond from E. W. Weaner, agricultural committee chairman, while son, Stewart, right, buys from County WFC Chairman E. W. Thomas. County Agent M. T. Hartman, center. The Lucabaughs are buying bonds to assure money for a new spray outfit—old one has been overhauled four times, but will not give up until the Japs are whipped. (See story on page 74.)

### Welcome Wagon

There are ways around gasoline and tire rationing that still permit effective field contacts, although admittedly there is no substitute for the personal call on the farmer. The CITY NATIONAL BANK of Clinton, Iowa, like many another bank, has found it necessary to curtail its farm visit program because of the shortages, but it has continued with special emphasis its 4-H work and loans for calf projects.

John H. Nissen, cashier, also reports sponsoring a "professional greeter," along with other local merchants, who contacts the newcomer, Mrs. Newlywed and new mothers in the territory. The hostess is a middle-aged woman with "a million dollar personality." She presents small gifts in behalf of her sponsors, talks about her sponsored products and services, not in high pressure, but in a friendly, gracious manner. "Well," says Cashier Nissen, "we are all human, and to have a nice emissary call on you at the right time and say the right things certainly registers goodwill."

### Cattle Program

To help diversify agricultural interest in and around Lawrenceburg, Tennessee—in the cotton belt—the FIRST NATIONAL BANK enlisted the cooperation of its county agent in distributing registered Jerseys throughout the area. The program was mainly directed through 4-H Club projects, in an introductory way. Youngsters were encouraged to take on cattle raising projects, financed through the bank on the most lenient terms possible. In three years, results of this program are evident on the income balance sheets of local farms.

### Soldiers' Plans for Farming

Country bankers may find of interest and assistance in their plans for giving service to returning war veterans a booklet recently published by the Information and Education Division, Headquarters, Army Service Forces and entitled "Soldiers' Plans for Farming After they Leave the Army." This booklet, dated December 20, 1944, is report No. B-131 in the Army's post-war plans of the soldier series, and contains factual information based on surveys made by the Army.

# BANKING NEWS

## A.I.B. Reduces Rate to Banker-Service People

### Correspondence Course Charge Is Cut to \$10

Any service man or woman who worked in a bank prior to joining the armed forces is entitled to take the correspondence courses of the American Institute of Banking while in the service at a special rate of \$10 for each course, instead of the usual \$30 tuition fee, under a new decision of the A.I.B. Executive Council.

Several banks are making it a practice to refund the tuition fees to members of their staffs who take these courses while they are serving with the armed forces.

Upward of 100 servicemen are now taking advantage of the Institute correspondence courses and, as a result of publicity given to the availability of these courses by a few bank house organs, the national office of the A.I.B. is receiving dozens of requests for information from service people in all parts of the world.

### Trust Papers Suggested As Basis for Meetings

The suggestion has been made to city and district trust associations by A.B.A. Deputy Manager Merle Seleckman that the Trust Division's "Conference in Print," appearing in the February and March issues of the *Trust Bulletin*, be made the basis of "miniature conferences."

Under Mr. Seleckman's plan, local trust men would be invited to lead discussions on one of the addresses included in the "Conference in Print." He also suggested that an accessible member of the Trust Division's Executive Committee be invited to attend each "miniature meeting" to report on the Division's Executive Committee meeting in New York on Feb. 5-6.

### 27 Banks Join A.B.A. in Month

The addition of 27 new A.B.A. members in February reduced the list of non-member banks by 3 per cent, according to J. R. Dunkerley, secretary of the Association's Organization Committee. Since Sept. 1, 1944, the number of non-members has been cut more than 30 per cent by the addition of 258 banks to the membership roster.

Regional Vice-president Harry Nagel and State Vice-president Paul Warner in Ohio, with the assistance of B. G. Huntington, president of the Huntington National Bank, Columbus, obtained nine new members in February. Regional Vice-president N. A. Welle and State Vice-president M. R. Selden added five banks in Iowa, while Regional Vice-president D. T. Ray and State Vice-president T. J. O'Brien in Texas obtained a similar number. Three new banks that recently opened in Arkansas became A.B.A. members through the efforts of State Vice-president B. L. Ross and his co-workers, thus keeping Arkansas in the 100 per cent membership list.

### Two Crime Prevention Films Are Now Ready

Sixteen chapters of the American Institute of Banking in key cities throughout the nation are cooperating with the U. S. Secret Service Division of the Treasury Department in sponsoring the showings of two new crime prevention motion pictures produced through the joint cooperation of the Secret Service, the Aetna Life Affiliated Companies and the Insurance and Protective Department of the American Bankers Association.

"Check and Double Check" portrays the methods used by check thieves and forgers and is directed especially at curtailing theft and forgery of government checks, millions of which are now being circulated.

"Doubtful Dollars" dramatically shows how the passers of counterfeit money operate and how the public can guard against them.

Both films are furnished in color on 16 mm. sound prints. Prints are being sent to 50 cities and will be available to all A.I.B. chapters and study groups upon request to the nearest U. S. Secret Service Office.

### Consumer Loan Survey Completed by A.B.A.

A survey showing the kinds of consumer loans being made at the present time, the number of banks engaging in consumer lending, and the number of banks that anticipate making personal loans in the post-war era has been completed by the A.B.A. Consumer Credit Department and is available upon request.

Home appliance financing and airplane financing manuals, prepared by this department, will be completed shortly. Banks wishing to obtain copies should address their requests to the secretary of the Consumer Credit Department.

### Central States Secretaries

Topics under discussion at the March 28-29 conference in Chicago of the Central States Secretaries included (1) assistance to returning war veterans; (2) maximum support for the forthcoming War Loan campaign; and (3) post-war credit for small business.

The Eastern Secretaries are scheduled to meet at the Waldorf-Astoria Hotel in New York on April 17-18 to consider the same projects.

## Small Meetings Don't Need Special Permits

### Those With Not Over 50 Out-of-Towners Exempt

State bankers association secretaries have been informed by the State Secretaries Section of the American Bankers Association that the War Committee on Conventions has decided that meetings having an out-of-town attendance of 50 or less, in addition to local participants, won't need permits.

"It was emphasized by Colonel J. Monroe Johnson, chairman of the committee," said a Section bulletin, "that this action did not constitute approval of such meetings."

"As a matter of fact," stated Colonel Johnson, "the committee feels strongly that every gathering which utilizes transportation of any kind, hotel facilities, or which cuts into the critically short supply of war materials and manpower should be canceled or at least postponed until the situation becomes less critical than now."

The interpretation of local meetings which do not require permits is "any meeting of purely local nature, which is attended by not more than 50 persons who use transportation other than the regular facilities available within the city or suburban area, or in the case of a rural community, within the normal trading area—and who may or may not use hotel sleeping accommodations."

The Committee also announced that trade shows, including cattle, horse, dog, horticultural and similar events, may not be held without committee approval if attendance, entries or exhibitors are drawn from an area outside of that served by local or suburban transportation facilities—or in the case of rural communities, transportation facilities within the normal trading area—and for which hotel sleeping accommodations are required.

## States Alter Laws to Facilitate GI Loans

### Many Lift Restrictions on Terms and Amounts

State banker association secretaries, in answer to a questionnaire sent to them by the American Bankers Association Committee on State Legislation, report that enabling GI loan legislation to raise restrictions on term of loans and amounts that can be loaned by state chartered banks on appraised value, has been passed in 15 states and is pending in six others.

In most cases, legislation removes statutory limitations with respect to the entire loan. In others, it is limited to the guaranteed portion of a loan.

Several states have included amendments which remove disabilities because the veteran is a minor.

In other states it is reported that GI loans are authorized under existing law, or that legislation is being considered.

### War Production Loans at \$8,628,597,227

War production loans and commitments reported outstanding Dec. 31 last by 429 of the larger banks totaled \$8,628,597,227, according to the semi-annual A.B.A. survey. Loans for war materials rose \$432 million over June 30.

### GI Committee Meets

The Committee on Service for War Veterans, of which Chester R. Davis, vice-president of the Chicago Title and Trust Company, Chicago, is chairman, met in Chicago on Mar. 30-31 to check the progress of its program of assistance to returning veterans, inaugurated a few months ago, and to discuss future procedures with Army, Navy and Veterans Administration representatives.

The committee is composed of 23 bankers and six A.B.A. staff members.

## Negotiate for Cut in Blanket Bond Premium

### A.B.A. Confers with Surety Companies

Negotiations for further reduction of bankers blanket bond premiums have been resumed by the Insurance and Protective Committee of the American Bankers Association and the surety companies' rating bureau.

These conferences began last September, but action was deferred pending a study of the 1944 experience, which was insisted upon by the companies. Tentative figures on 1944 experience recently became available early in March and permitted resumption of these negotiations, which promise substantial savings through premium reductions.

### Draft Model Law to Protect Plane Liens

A model statute drafted on behalf of the Committee on State Legislation and designed to protect the liens of financial institutions on civil airplanes has been approved for the Civil Aeronautics Administration of the U. S. Department of Commerce by Harry G. Tarrington, acting assistant general counsel.

Where airplanes are used in interstate commerce, full compliance with the recording and registration provisions of the Civil Aeronautics Act protects the financing institution. On the other hand, where the airplane is used solely in intrastate flying, local laws must be fully complied with.

The model statute provides that "no instrument which affects the title to or interest in any civil aircraft . . . shall be valid . . . until such instrument is recorded in the office of the Administrator of Civil Aeronautics." This will dispense with double filing in the state and at Washington, D. C., and provide a single source of information at the latter place. A statute similar to this is already in effect in California.

## Direct Auto Financing

### Manual in Preparation

A manual is being prepared on the direct phase of automobile financing by banks by the Consumer Credit Department of the A.B.A. This publication will deal with the much discussed cooperation between banks and local insurance agents and is intended to give banks information on operations and procedures. The Department has available a manual prepared in 1941 on automobile financing through dealers.

Because of the paper and labor situation, the Department would like to determine, before going to press with this new manual, the approximate number of copies that will be required. Therefore, it will appreciate prompt orders from banks.

## Interest in State Bank Law Revision Increases

### New Jersey a Leader in Move, Paton Reports

An upsurge of interest in the revision of state banking laws is noticeable in several states, according to Thomas B. Paton, secretary of the American Bankers Association Committee on State Legislation.

Some states, Mr. Paton said, have recodification projects under way, while others are giving the subject serious consideration.

"New Jersey, where the banking laws have not been revised for 40 years, is among the leaders in this movement as a result of the backing given to it by Governor Walter Edge and his Commissioner of Banking and Insurance, Lawrence B. Carey," Mr. Paton stated.

"Invaluable spade work through the years by Carl K. Withers, president, Lincoln National Bank of Newark; chairman, Executive Committee, A.B.A. National Bank Division; and former five-term chairman, Committee on State Legislation, is entitled to much of the credit for action being taken in New Jersey."

"Our subcommittee on Model State Banking Code," added Mr. Paton, "is working closely with Commissioner Carey and the New Jersey bankers prominent in the movement to revise its banking laws."

G. O. Thorpe, executive vice-president, First and Lumber-

## Pension, Profit-Sharing Plans of Nation's Banks Are Studied by A.B.A.

Because of widespread interest, the American Bankers Association is making a study of retirement pension plans and profit sharing plans which have been adopted by the banks of the country, according to Deputy Manager Edgar E. Mountjoy, who is directing this study.

The Association frequently receives requests from member banks for information as to the best type of retirement and profit sharing plans, Mr. Mountjoy said, and this study should enable the A.B.A. to be of greater assistance to them in this connection.

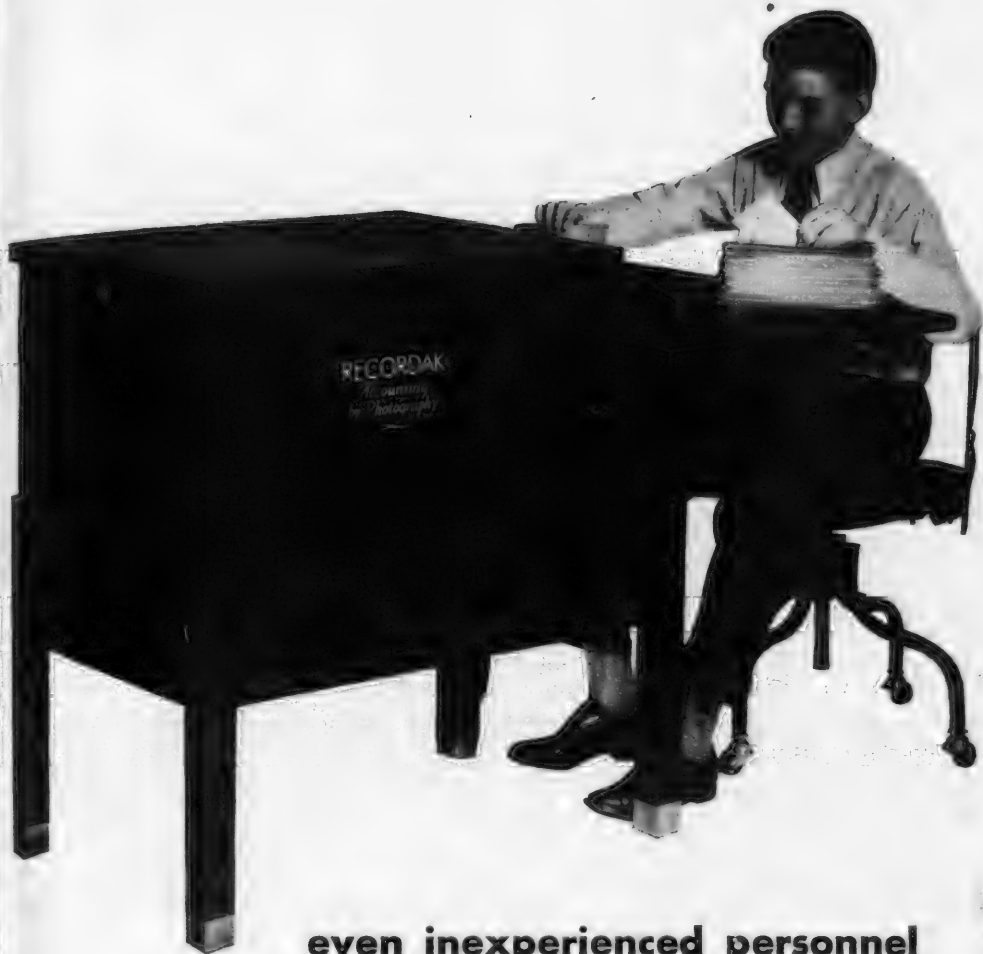
### Term Loan Study

A study of term loans recently completed by the Committee on Credit Practices of the Association of Reserve City Bankers has been sent to A.B.A. members by the Post-War Small Business Credit Commission.

A term loan manual is being prepared by the Commission and will be sent to member banks at a later date.

men's National Bank, Chippewa Falls, Wis., is serving his second term as chairman, Committee on State Legislation. William R. White, vice-president, Guaranty Trust Company, New York, is chairman of the model code subcommittee.





**even inexperienced personnel  
can handle wartime loads easily**

**...with RECORDAK**

**Y**OU know the situation only too well—how, in banks everywhere, paper work is heaped to the ceiling ... and extra help is a "will-o'-the-wisp." But there's an exception to the rule ... in the departments where *Recordak is at work.*

Recordak, an automatic "time-saver," takes peak loads in its stride. In transit departments, for example, Recordak "writes" transit letters photographically—with no possibility of copying errors—and six times faster than by hand.

#### **Let's look at the record:**

Banks now using Recordak report enthusiastically on its economies, speak of its amazing capacity for work ... *and more work.* The Recordak System of Single Posting—for instance—

eliminates clerical duplication, saving up to 33⅓% of the work.

Per item costs are trimmed as much as 45%. Reproductions are made with photographic speed and accuracy ... files reduced by 98% ... 50% savings made in costs of stationery.

#### **Recordak and your "tomorrow":**

Because Recordak's efficiencies are entirely devoted to war work today (V...—mail is Recordak), no new installations can be made. But Recordak's aid in handling reconversion's flood of transactions will be very welcome ... *tomorrow.* That's why you'll want to plan ahead. Investigate Recordak *now.* Write to Recordak Corporation, Subsidiary of Eastman Kodak Company, 350 Madison Avenue, New York 17, N.Y.

**Originators of modern microfilming RECORDAK**

# MERCHANDISING NOTES for the SEVENTH WAR LOAN DRIVE

JOHN J. McCANN

**L**EAVING through our voluminous scrap-book of successful bank promotions in the Sixth War Loan drive, we made the following notes on ideas and methods which appear to be somewhat new and different, but more significant, because they helped boost quotas over the top. These notes are offered as suggestion for merchandising the Seventh War Bond drive just ahead:

## Direct Mail

The most widely used mailing piece in the last campaign was the four-page

letter, or varied adaptations of the idea. The usual form, however, carried a personalized appeal on the letterhead of page one, a chart of the securities "market basket" on the center spread, and purchase order forms on page four. Copy generally featured the sixth loan slogan—"Let's Finish the Job," but others tied-in appeals to hold back inflation, to invest for post-war purchases, in fact, the whole gamut of sales points that appeal to personal interest.

A number of banks, like the NATIONAL BANK OF COMMERCE, San Antonio,

Texas, issued more detailed brochures analyzing the various securities offered. These were mailed to lists of potentially large investors, and were also distributed to bond committee workers to be used as a prospectus.

\* \* \*

An infinite variety of sales letters, in the usual single page form, were used by banks to cover special mailing lists. For instance, the KANABEC STATE BANK of Mora, Minnesota, based its sales appeal to savings depositors on the inter-

(CONTINUED ON PAGE 66)

Portraits of "Soldiers of the United Nations" were displayed in the lobby of the First National Bank in St. Louis



The Marine Corps War Bond Show at the Bankers Trust Company, 5th Avenue, won first prize among New York banks



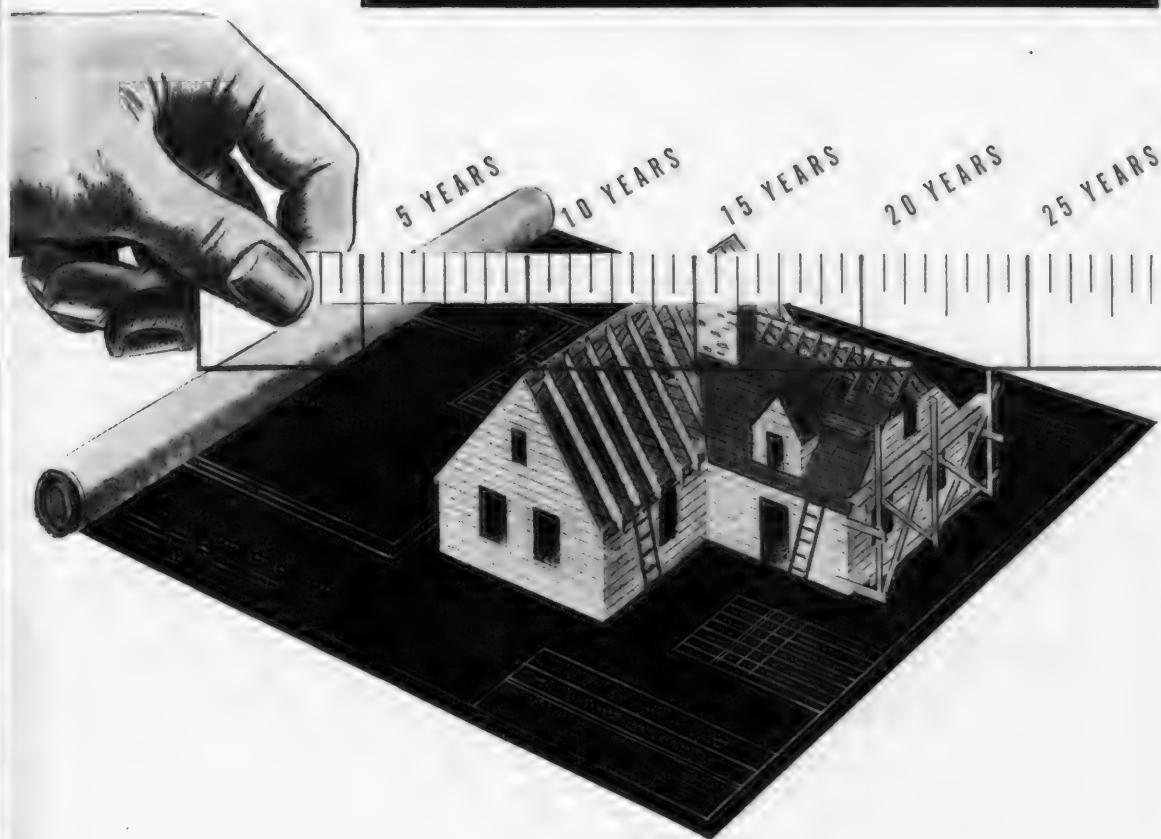
The Baltimore (Maryland) National Bank told the story of wartime railroading with a miniature Baltimore and Ohio system



A "dollar" rug, woven to resemble an old-style \$1 bill, was on view in the Security-First National Bank, Los Angeles



# CHECK THE ELECTRICAL YARDSTICK



It will pay you to check the electrical yardstick with builders when you discuss loans with them because new homes must be wired to meet today's demand for modern Electrical Living—and to be ready for tomorrow's needs.

Here's the basis of your electrical wiring yardstick: (1) sufficient circuits and outlets; (2) wire of ample size; (3) modern circuit protection; and (4) wiring devices and workmanship of highest quality.

To assist you in developing a practical electrical yardstick to gauge loan applications, we will be glad to send you free copies of "Electrical Living in 194X" and "Manual of Better Home Wiring". Contact your nearest Westinghouse distributor or district office, or write Westinghouse Electric & Mfg. Co., P. O. Box 868, Pittsburgh 30, Pennsylvania.

1-91525



Just issued — Westinghouse Home Wiring Handbook—a 120-page practical guide for wiring homes for Better Living. Price, \$1.00 postpaid.



**Westinghouse**  
PLANTS IN 25 CITIES . . . OFFICES EVERYWHERE

BETTER HOMES DEPARTMENT

est advantage of bond investments: War Bonds pay 2.9 per cent, interest bearing accounts 1 per cent annually. The STATE BANK OF WHITING, Indiana, addressed two Treasury Department mimeographed letters, with leaflet enclosures, to the "occupant" of each household and mail delivery point in its trade area—a complete coverage with franked envelopes. The GREEN POINT SAVINGS BANK of Brooklyn, New York, issued a series of two-color multigraphed letters to account lists. The color—red—was used sparingly for emphasizing

**Smith at the Helm**  
*With TOM K. SMITH of St. Louis again serving as chairman of the Committee on War Bond Drives, the A.B.A.'s program for the Seventh Loan drive is off to a flying start. The Committee has been enlarged and strengthened so that all parts of the country are represented, and there is again a nationwide group of A.B.A. state chairmen for each state. There are also chairmen representing the mutual savings banks associations. The A.B.A. program will emphasize once more the importance of sales to individuals and personal solicitation. A booklet will describe the program. The story about it will be told in May BANKING.*

the sales sizzle. Each letter, incidentally, was countersigned by the first deputy manager of the County War Finance Committee, as an endorsement

of President George W. Felter's appeal. The STATE BANK AND TRUST COMPANY, Evanston, Illinois, developed an interesting approach in a sales letter addressed to all customers holding deposit balances of \$1,000 or more. Getting around the hurdle of hitting the same group for the sixth consecutive time, the letter quoted excerpts from each of the five previous bond appeals, and drove its story home by repetition.

The FIRST NATIONAL BANK of Goshen, Indiana, directed its mail appeal to a list of 500 individuals and business concerns, based on just one sound argument—to again oversubscribe Goshen's quota. The civic pride angle is a sound one.

The FIRST NATIONAL BANK of Carmichaels, Pennsylvania, used a form letter for RFD boxholders, which included an invitation often overlooked in many of the letters examined: "If you have any questions, please telephone or call at the bank . . ."

The UNION & NEW HAVEN (Connecticut) TRUST COMPANY, canvassing by mail, reminded the subscriber of the Treasury's recommendation that all purchases be entered and paid for through the banking institutions where funds are located, thus avoiding unnecessary transfers from one locality to another, while statistical credit will be allotted to any locality designated by the individual.

The FIRST NATIONAL BANK of Pittsburgh, Pennsylvania, carried an em-

(CONTINUED ON PAGE 68)

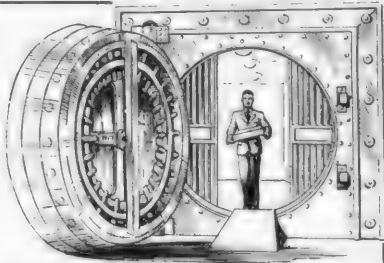
In Washington Admiral Nimitz pledged the aid of his fleet in the Seventh War Loan drive. Secretary of Treasury Morgenthau, right; Secretary of Navy Forrestal, left



HARRIS & EHRICH  
 BANKING

Bankers  
 Prefer . . .

# york PROTECTIVE EQUIPMENT



Discriminating bankers throughout the world enjoy the maximum protection afforded by York Safe Deposit Boxes and York Bank Vault Doors because they are backed by a progressive service organization that guarantees the satisfactory performance of every piece of York Protective Equipment.

## YORK SAFE DEPOSIT BOXES

York Safe Deposit Boxes have one-half inch thick steel doors. Preparatory keys and two rental keys are furnished with each box. Removable bond boxes are constructed of heavy metal, finished in black lacquer. Units can be assembled or stacked to individual needs. Today is the time to plan for tomorrow. Consult York Engineers for your expansion plans.

## YORK BANK VAULT DOORS

For more than 60 years York Bank Vault Doors have protected valuable records and property in thousands of large and small banking houses throughout the world. Their burglar resistive qualities are world famous. They are the result of sound engineering and precision production methods. Are your bank vault doors suitable for tomorrow's protection? Consult York Engineers for your expansion plans.

Since 1882 YORK has manufactured the world's largest vaults. The YORK name signifies leadership in Bank Vaults, Safes, Burglar Resistive Chests, Vault Doors, Night Depositories and other Protective Equipment.

**york** SAFE AND LOCK COMPANY  
 YORK, PENNSYLVANIA

- |           |           |           |             |              |               |
|-----------|-----------|-----------|-------------|--------------|---------------|
| BRANCHES: | Baltimore | Cleveland | Los Angeles | New Haven    | St. Louis     |
|           | Boston    | Detroit   | Miami       | Philadelphia | San Francisco |
|           | Chicago   | Houston   | Montreal    | Pittsburgh   | Washington    |
|           | New York  |           |             |              |               |





## YOUR FOREIGN TRADE TOMORROW *Calls for Planning Today*

Already the "shape of things to come" in the western world begins to take form. In one field, that of foreign trade, it is not too early to look at the future situation in the light of what is already known.

For example, pre-war data regarding business firms in European countries must be revised and brought up to date; new credit information must be gathered and other vital facts correlated, taking into account drastically changed conditions.

In anticipation of such a need, the Chase National Bank has maintained its many contacts in Allied and other friendly nations. As always, the intimate knowledge of actual trade conditions as they *exist and change* constitutes an inestimable aid to those companies and individuals interested in export and import.

These Chase facilities which are always at the disposal of our domestic correspondent banks provide a valuable service for their own customers.

### THE CHASE NATIONAL BANK OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

## METHODS—Continued

bossed medallion in full color on all letterheads used during the bond drive, both for general correspondence and mass circulation.

The FIRST NATIONAL BANK of Millstadt, Illinois, sent personal letters to some 1,700 school children, enlisting their support in the bond drive in rolling up the quota. Of course, this was an indirect approach to the parents; the youngsters cooperated in good spirit, with an eye on the prizes offered in a guessing contest.

The MILLIKEN NATIONAL BANK of

Decatur, Illinois, divided its customer list among officers, each writing personal notes to prospects personally known to them, or those served in departments under their charge.

\*\*\*

Effective coverage was also attained with a wide variety of special mailing pieces. The BOWERY SAVINGS BANK of New York City, printed miniature facsimiles of \$100 bonds, with a letter addressed to "Fellow-Americans" by General Dwight D. Eisenhower, on the reverse side. This piece was used as a mail enclosure and distributed through teller's windows with each transaction.

The OLD NATIONAL BANK of Evansville, Illinois, created an interesting mail campaign, which included a circular letter, War Bond purchase check, and a purchase certificate, all bearing a standard illustration—heads of servicemen and women. The promotion was developed around the idea of dedicating the purchase of an extra bond to a relative or friend in the service. The signed purchase certificate was intended for mailing to servicemen.

The bank also issued "Victory Volunteer" badges to all bond buyers, service ribbons to identify the sales committee, enlargements of the volunteer badge for bulletin boards and city-wide sales booths. Giant bond posters and other literature were also furnished by the bank as sales aids for the community sales force.

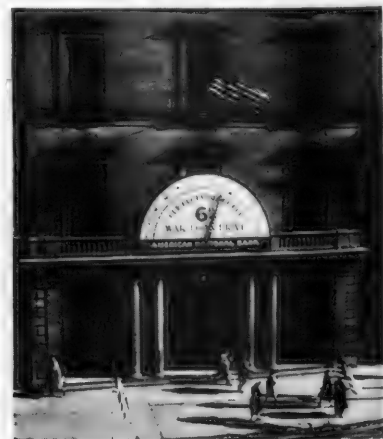
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In the way of publicity stunts—the PITMAN (New Jersey) NATIONAL BANK & TRUST COMPANY paid its regular dividend in War Savings Stamps, 50 cents per share on 5,000 shares. J. Howard Morris, cashier, reports on the authority of Federal and state banking officials that his institution was the first bank or corporation to conceive the idea.

The CITIZENS BANK of SMITHVILLE, Missouri, staged a public dedication of the community's service honor roll, and topped it off with a public auction of such items as a ton of coal, cases of oil—even pies and cakes contributed by housewives. Five \$25 bonds donated by local merchants, and included in the bidding, netted a final \$11,000 in bond sales. A 70-pound lamb donated by a young farmer brought \$3,125. The total auction receipts ran \$28,000 in sales bids, and everybody had a good time.

(CONTINUED ON PAGE 70)

The American National Bank of Indianapolis kept the sales score with a "Bondometer," an easily adapted device



BANKING



## St. Louis Leads Again!

LAST YEAR St. Louis led the nation in percentage of new war contracts placed during 1944. This record increase brought the St. Louis area's percentage of the nation's war output to 4.4% by dollar value, or \$1,394,922,000.

Factors contributing to this leadership include St. Louis' central inland location, the availability of power, labor, and unexcelled trans-

portation facilities. Thus St. Louis' production for War again emphasizes the traditional advantages of the strategic, central location of this city at the gateway to the great Southwest.

Mercantile-Commerce, today, as always, offers every facility and complete correspondent service to banks and bankers interested in this vital trade territory.



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

In River Forest there's a lady who's  
*Delighted*



Aluminum windows in a residence  
 in River Forest, Ill.

"Aluminum windows are just fine! Lift one and see how easily they work." Here's enthusiasm based on three and a half years of living with them. "We'll certainly have aluminum windows if we build again."

Sash and frames are narrow, giving maximum glass area. Asked what care was taken to keep them looking attractive—"I guess we wipe them off

wash the windows. Nothing more."

...not build windows. A number of manu-  
 ...will make aluminum windows available to  
 ...as soon as the war permits. Specify them for  
 ...new home and add to the joy of living there.

ALUMINUM COMPANY OF AMERICA, 1821

Gulf Building, Pittsburgh 19, Pennsylvania.



*Windows of*  
**ALCOA ALUMINUM**

# This Kind of Talk

about Aluminum windows sells  
 houses, and keeps them sold

"Aluminum windows are the outstanding thing in our home. We love them!"

"Our neighbors are jealous of our aluminum windows. If we build another house, we'll certainly have them again."

"Maintenance? We haven't had any. Just wipe them off when we wash the glass."

That's the kind of talk the Alcoa men are hearing, as they inquire how aluminum windows have performed in the years since they were installed. It's mighty gratifying, even though Alcoa supplied just the aluminum. Various manufacturers were responsible for making this versatile metal into fine windows.

Homeowners, architects, builders, bankers, all speak highly of windows made of Alcoa Aluminum. ALUMINUM COMPANY OF AMERICA, 1821 Gulf Bldg., Pittsburgh 19, Pennsylvania.



Advertisements like this, appearing in various home magazines, promise windows of Alcoa Aluminum as soon as the war permits.



# ALCOA ALUMINUM

Many institutions adopted the so-called "block" system of solicitation. The CAPITAL SAVINGS BANK AND TRUST COMPANY, Montpelier, Vermont, for example, explains that its local organization set up a permanent canvass committee to solicit funds house-to-house throughout the year for the Community Chest, Red Cross and the War Bond drives. Invariably the same individuals canvass their own wards, or wards assigned to them, for each community-wide drive. The plan is said to be highly practical and out-produces the hit-and-miss system by \$10 to \$1.



Display at Marine Trust Company, Buffalo

Under the heading of publicity ideas, here's the six-point program followed by the FARMERS BANK & TRUST COMPANY of Marion, Kentucky. (1) Close co-

operation with the local press on news and feature stories relating to the bond drive: sales reports, sidelights on progress, human interest items, etc.; (2) Hollis C. Franklin, executive vice-president, edited a news column, called "Two Eyes, Two Ears and a Typewriter," for the country newspaper—a chatty, homey editorial stint about gardens, books and bonds; (3) community coverage was sectionalized in the charge of two individuals for each district, each responsible for a quota, and keeping the central committee well supplied with publicity material; (4) the bank arranged special events, aimed at bond sales, with the one movie house in the county; (5) it urged all local merchants to publicize the drive in their own advertisements, and to shy away from the boilerplate type of illustrative appeal; (6) school contacts are constant throughout the district.

The bank furnishes speakers and distributes Treasury literature. Finally, reports Mr. Franklin, "When the going gets tough, we haven't hesitated to ask those who have money to buy bonds, and that plan hasn't failed us yet."

★ ★ ★

A report from the PRINCE GEORGES BANK & TRUST COMPANY, Mt. Rainier, Maryland, tells of launching each drive with a "Victory" dinner for the volunteer workers, co-sponsored by local banks. Each banker heads the sales team in his district.

The FARMERS BANK OF THE STATE OF DELAWARE—Dover, Georgetown, and Wilmington—did a fine job of publicity by publishing what it called "The Sixth War Loan NEWS." The paper, about the size of a handbill, was widely circulated weekly in towns served by the bank.

The DELAWARE TRUST COMPANY of Wilmington also did a job spiking a local rumor which threatened sales—a rumor to the effect that the Government would soon freeze E bonds.

(CONTINUED ON PAGE 72)

The Navy's first public showing of its amphibious "alligator" was given at the First National Bank of Palm Beach, Florida



## Financing International Trade

For eighty years The First National Bank of Chicago has financed foreign business for importers and exporters. The many correspondents of the bank in countries with which this country now has business facilitate the financing of international trade. The Foreign Banking Department has the most recent available data on quotas, restrictions, and regulations of foreign governments. Complete service is available to those who contemplate any phase of foreign trade.

We gladly cooperate with other banks in handling transactions with countries of this hemisphere and with other parts of the world.

FOREIGN BANKING DEPARTMENT

### The First National Bank of Chicago

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION



# Pennsylvania Railroad Reports on its 98th Year of Service

## INCOME STATEMENT

| INCOME:                                                                                          | 1944            | Comparison with 1943 |
|--------------------------------------------------------------------------------------------------|-----------------|----------------------|
| Operating Revenues—Freight, Passenger, Mail, Express, etc. . . . .                               | \$1,010,015,912 | I \$30,242,757       |
| Other Income—chiefly dividends and interest on securities owned . . . . .                        | 39,272,649      | D 3,230,869          |
| Total . . . . .                                                                                  | 1,049,288,561   | I 27,011,888         |
| EXPENSES:                                                                                        |                 |                      |
| Operating Expenses . . . . .                                                                     | 736,318,745     | I 72,808,034         |
| Taxes . . . . .                                                                                  | 152,838,409     | D 27,567,082         |
| Equipment and Joint Facility Rents . . . . .                                                     | 11,886,692      | I 3,576,150          |
| Other Charges—chiefly rentals paid for leased roads and interest on the Company's debt . . . . . | 83,524,284      | D 1,107,161          |
| Total . . . . .                                                                                  | 984,568,130     | I 47,709,941         |
| Net Income . . . . .                                                                             | 64,720,431      | D 20,698,053         |
| DISPOSITION OF NET INCOME:                                                                       |                 |                      |
| Appropriations to sinking and other funds, etc. . . . .                                          | 3,244,558       | I 1,320,439          |
| Retirement of Debt—Penna. R.R. Co. . . . .                                                       | 18,767,970      | I 1,456,970          |
| Dividend 5% (\$2.50 per share) . . . . .                                                         | 32,919,385      | —                    |
| Transferred to credit of Profit and Loss . . . . .                                               | 9,788,518       | D 23,475,462         |

## RESULTS FOR THE YEAR

Business continued at a very high level during 1944, the volume being the largest in the Company's history. Operating revenues for the first time in almost one hundred years of operation amounted to over one billion dollars.

While operating revenues increased \$30,242,757, due to the greater volume of traffic, this was more than offset by an increase of \$72,808,034 in operating expenses, caused principally by the full effect of the wage increases referred to in the 1943 report, increased costs of material and fuel, and the cost of handling the larger volume of business. Taxes remained abnormally high. As a result, Net Income of \$64,720,431 was \$20,698,053 less than in 1943, and \$36,748,362 less than in 1942. Notwithstanding this fact, the dividend paid in 1944 was maintained at the same rate paid in 1943 and 1942, or 5% (\$2.50 per share).

## TAXES

Railway taxes of the Company for 1944 (federal income taxes, excess profits taxes and other federal, state and local corporate and property taxes), amounted to \$126,034,483. They were, with the exception of 1943, the highest in the history of the Company. These taxes, together with Unemployment Insurance taxes of \$12,862,679, and Railroad Retirement taxes of \$13,941,247, aggregated \$152,838,409.

All taxes required 15.2 cents out of each dollar of operating revenue, the equivalent of 23.3% upon the capital stock, or \$11.63 per share. The extent of the tax bill in 1944 is well indicated by the fact that taxes took about 70 cents out of every dollar left after paying operating expenses and other charges.

## REDUCTION OF FUNDED DEBT

Substantial reductions in the outstand-

ing debt in the hands of the public continued during the year, the debt of System Companies being reduced \$31,283,927. The debt of the System in the hands of the public shows a net reduction of \$138,000,000 during the last five years.

## REFINANCING OF BONDS

Refunding operations, detailed in the report, have resulted in calling for redemption, during 1944 and so far this year, four issues of bonds totalling \$140,735,000, while new issues, totalling \$129,735,000, and bearing lower rates of interest, have been sold to provide funds for the redemptions. These transactions insure ultimate savings of approximately \$61,000,000. In addition, refunding operations of three terminal companies, jointly owned with other railroads, will produce ultimate savings to the Pennsylvania of approximately \$9,200,000.

## THE EMPLOYEES

The Board takes pleasure in acknowledging the continued loyalty and efficiency of the employees, who have supported the war effort in full, and co-operated wholeheartedly and effectively with the management.

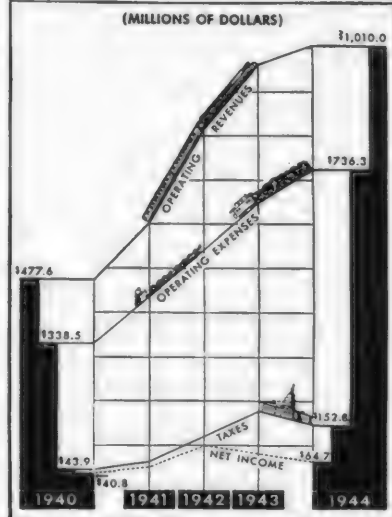
A remarkable job has been done by these employees—continuously now for five years—and it is to the lasting credit of these men and women who staff and operate the railroad that they have never failed to meet their responsibilities in all the problems that have confronted the railroad.

## STOCKHOLDERS

The Capital Stock of the Company at the close of the year was owned by 213,121 stockholders, an increase of 3,503 compared with December 31, 1943, with an average holding of 61.8 shares.

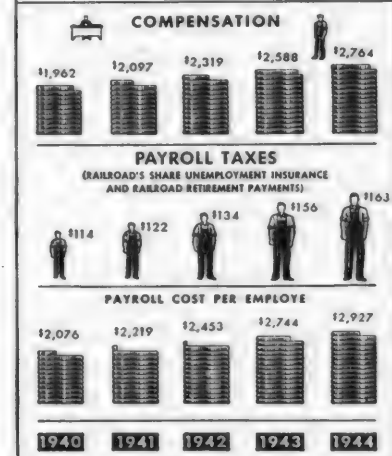
M. W. CLEMENT, President.

## INCREASING BUSINESS DECREASING PROFITS



Even though the volume of business was greater than in any year in the Company's history, Net Income of \$64,720,431 was \$20,698,053 less than in 1943, and \$36,748,362 less than in 1942.

## AVERAGE COMPENSATION AND PAYROLL TAXES PER EMPLOYEE



The chart shows the steady increase in the average compensation per employee of the Pennsylvania Railroad, and in the railroad's share of unemployment insurance and railroad retirement payments over the past five years.

# THE PENNSYLVANIA RAILROAD

*Serving the Nation*

BUY UNITED STATES  
WAR BONDS AND STAMPS

## METHODS—Continued

The town of Ripon, Wisconsin, first in the state in the Fourth and Fifth War Loan drives, demonstrated that filling a quota is simply a matter of good organization. Ripon's goal in the sixth was \$366,546—time limit three hours. On the appointed day, Monday, November 20, the whole town was asked to stay at home from 9 A.M. to 11 A.M. Retail stores and all business establishments called a three hour holiday. At the signal of blasting factory whistles, at 9 A.M. sharp, banner decked trucks delivered 100 or more volunteer workers to district locations. The victory can-

vass was finished, the quota topped in just short of the allotted time. The balance of the day was given over to various bond events sponsored by civic groups, concluding with a mass assembly in the Ripon auditorium.

In New York, the MANHATTAN SAVINGS BANK, sponsored the presentation of Minute Man flags to 500 Boy Scout troops participating in the drive—a total of some 50,000 volunteer workers. During the holiday season, the bank also offered a Christmas star as a window or tree ornament to each bond buyer patronizing the bank's bond wagon or one of its branch offices.

Also in New York, the COLONIAL

TRUST COMPANY organized staff members as "Flying Squadrons" to act as reserve volunteers to aid in the sixth drive whenever and wherever needed.

★ ★ ★

BANKERS TRUST COMPANY of New York sponsored an employee sales contest, with a nautical flavor, that won enthusiastic support from bond buyers and customers. Briefly, the idea was based on a task force of sales teams, each represented as a ship—the whole flotilla aimed at the heart of Japan. Score boards, erected in each branch lobby, visualized the attack on a map of the Pacific area, each ship moving forward toward Tokyo as sales mounted. The whole scheme carried through the naval theme to the Nth degree: Team captains were skippers, large sales were registered as "direct hits," team members achieving certain sales quotas were awarded "marksmen's badges," and crews were awarded "E's." The official communiqués were issued in the form of a weekly bulletin—actually a house organ covering the sales drive. As ships (teams) reached Tokyo (topping the goal) various celebrations were in order.

### War Stamp Corps

About 10 months ago, Milwaukeeans suddenly became aware of a group of  
(CONTINUED ON PAGE 74)

A patriotic War Bond vacation pledge for school children suggested by the Treasury



## My Pledge

TO EVERY SOLDIER,  
SAILOR AND MARINE

*For you there can be no rest.  
For me there should be no  
vacation from the part I can  
play to help win the war. I  
therefore solemnly promise to  
continue to buy United States  
War Savings Stamps and Bonds  
to the limit of my ability, through-  
out my summer vacation and  
until our Victory is won.*

SIGNATURE

BANKING

## The Survey of the Year—

A succinct...comprehensive study  
of the "OFF BOARD" MARKET  
available to you NOW!

... Have you ever wished for a really comprehensive study of the "off board" or "over-the-counter" market? If so, you won't want to delay sending for a copy of "The Off Board Securities Market."

... Readable and comprehensive, it traces the history of trading in this market from its beginnings, emphasizing the part it has played—and still plays—in the nation's financial machinery.

... Since it is packed with facts and information, you'll want to keep this unique booklet on your desk for continuous reference. It presents one of the most concise and penetrating analyses of the various functions of the "off board" market—including Underwriting, "Secondary Distributions" and Trading—that has ever been written.

... We will be happy to send you a copy of this valuable booklet without cost or obligation. Just phone or write for "The Off Board Securities Market." It will be mailed to you promptly.

### MERRILL LYNCH, PIERCE, FENNER & BEANE

Underwriters and Distributors of Investment Securities  
Brokers in Securities and Commodities

70 PINE STREET

NEW YORK 5, N. Y.

Offices in 87 Cities



## PLANNING A NEW *PLANT LOCATION?*

*A copy of the Erie Map shown above will be sent you upon request.*

**I**F this is *your* problem, the Erie Railroad can help you! For, Erie's Industrial Department can provide—quickly and in confidence—all the facts that can help you make a decision.

*Anywhere* in this area, the Heart of Industrial America, you are assured of dependable transportation . . . *somewhere* in this area exist the raw materials, the facilities, and the markets that combined can meet your requirements for a new plant location.

Write, George F. Weston, Industrial Commissioner, Erie Railroad, Midland Building, Cleveland 15, Ohio.

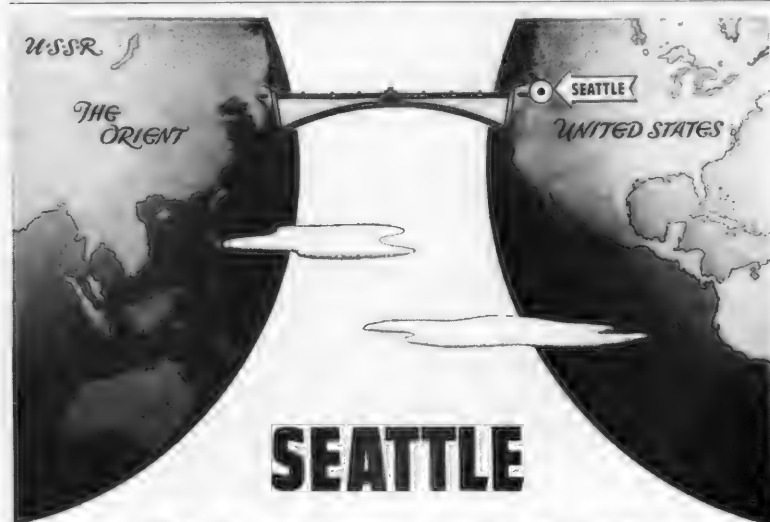


# Erie Railroad





Customers view a damaged B-26 bomber engine at the Commerce Union Bank, Nashville, Tenn. Left, Vice-president W. F. Norris sells a bond to Sgt. Kenneth Long, AUS



### The Bridge between the United States and the Pacific Ocean Trade Area

**I**N the after-war world the Pacific Ocean will hold an importance similar to that of the Atlantic during the preceding generation. As the port nearest to our own Alaska, to Russia's Pacific frontier, and to an awakening China, Seattle faces an era of commercial expansion.

"The largest of many excellent banks in the Northwest" provides special facilities for those interested in any part of the Pacific Rim.

*35 banking offices conveniently located in the State of Washington*



**SEATTLE-FIRST NATIONAL BANK**

Main Office — Seattle  
Spokane and Eastern Division — Spokane

### METHODS—Continued

young women in a new kind of uniform. Everywhere, they were almost certain to meet one of these smiling young ladies in a navy blue suit, matching hat and dashing red over-the-shoulder handbag.

The insignia WFC (War Finance Corps) identifies them as "Minute Maids"—a new auxiliary unit, whose job is selling War Bonds and Stamps; their specialty—warsages and boutonnières.

The corps was organized last May with the financial support of Milwaukee business men and bankers. Members are 18 to 40, and sign up for at least 12 hours of volunteer work each week. The 30 members of the corps have been drawn from the shops and factories about town, college girls and young married women, some with husbands in the service. Those who have free time during the day staff the Minute Maid office in the business district, while others accept special assignments.

This group is proud of its record of attending some 175 public functions, and selling more than 80,000 warsages and boutonnières. They participated last year in the Shangri-La drive by canvassing downtown offices and stores. During the state fair, they manned an exhibit of captured war material, and assisted at the recent showing of a captured Jap sub on Wisconsin Avenue.

### A County's War Bond Sales Set-up

In Adams County, Pennsylvania—home of the Battle of Gettysburg and the state's richest fruit belt—five consecutive War Bond campaigns were oversubscribed in amounts aggregating more than \$12 million, according to the January 1945 "Farm Bond Aids," publication of the War Finance Division of the Treasury.

Edmund W. Thomas, president, FIRST NATIONAL BANK of Gettysburg, is chairman of the Adams County War Finance Committee. With 300 volunteer workers, every town, village, and hamlet is well organized, each community being subdivided into small teams. Every resident in the county is contacted again and again in each drive. Schools are all organized from the big high schools to the one-room rural schools.

The 21 townships in Adams County are organized into a strictly agricultural network that carries on a miniature bond drive of its own. A township chairman divides his area into small districts and assigns crews to visit every farmer at least three times during each drive.

**BANKING**



*Almost every American  
benefits every day  
from the products of  
**BORG-WARNER***



**"THE WEDDING OF THE STEELS"** at the Ingersoll plant, New Castle, Indiana. James Sessions catches the tense moment when soft center steel is poured in the final step before it joins with stainless steel to form "IngAclad." A similar process is used in making soft center plow mold boards. Alloy steels for saws and for the chemical and food industries come from this great Borg-Warner mill.

**Peacetime makers of essential operating parts for the automotive, aviation, marine and farm implement industries, and of Norge home appliances.**

The products made by Borg-Warner are so numerous and varied that there is little doubt that some of them are operating for your benefit "almost every day."

It may be a Borg-Warner appliance that heats your home . . . helps produce and preserve your food . . . cooks your meal. Almost certainly, the car you drive is equipped with essential Borg-Warner parts.

It takes a high degree of skill and experience in engineering, design and

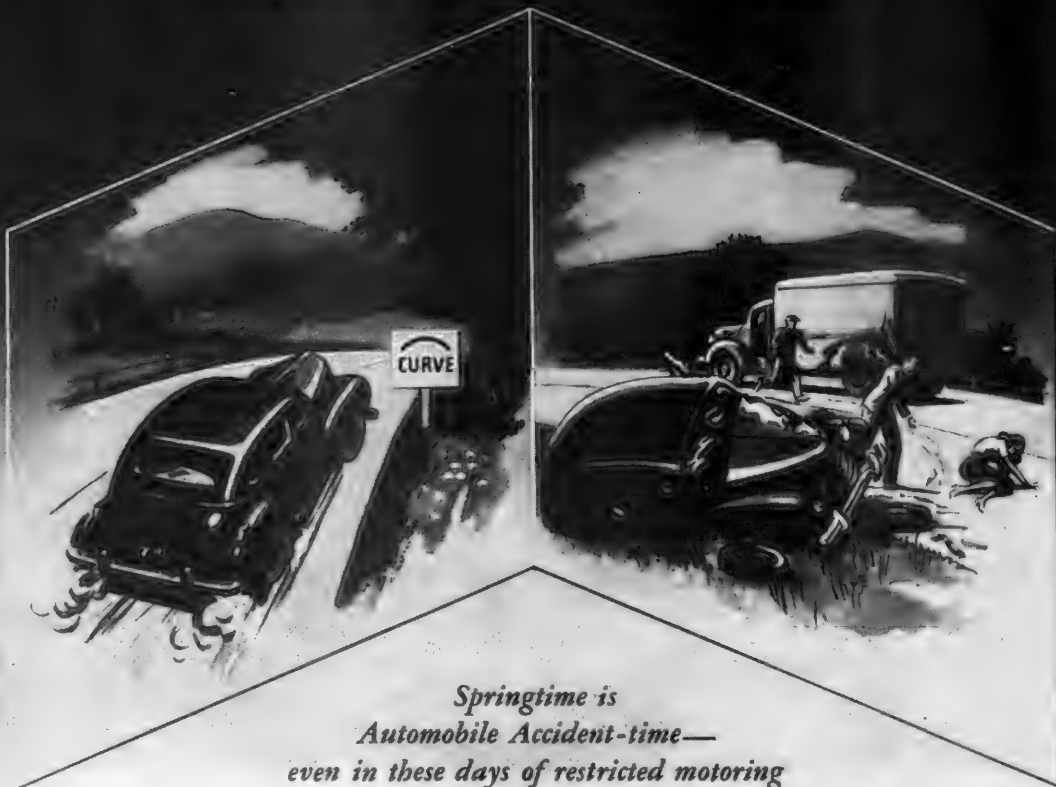
manufacturing to create these many essential products. Yet whatever the task, Borg-Warner is guided by one simple principle: "design it better—make it better."

Exceptional talents, now devoted almost exclusively to war needs, were developed, over the years, to produce ever better products at ever lower cost. When peace returns these talents will again be applied to products that play such an important part in America's standard of living.



**These units form Borg-Warner:** BORG & BECK • BORG-WARNER INTERNATIONAL • BORG WARNER SERVICE PARTS • B-W SUPER-CHARGERS, INC. • CALUMET STEEL • DETROIT GEAR AIRCRAFT PARTS • DETROIT VAPOR STOVE • INGERSOLL STEEL & DISC • LONG MANUFACTURING • MARBON • MARVEL-SCHLEBLER CARBURETOR • MECHANICS UNIVERSAL JOINT • MORSE CHAIN • NORGE • NORGE MACHINE PRODUCTS • PESCO PRODUCTS • ROCKFORD CLUTCH • SPRING DIVISION • WARNER AUTOMOTIVE PARTS • WARNER GEAR

# An accident may await you AROUND THE NEXT TURN!



*Springtime is  
Automobile Accident-time—  
even in these days of restricted motoring*

Accidents cost considerably more today than before the war. BUT—Automobile Insurance costs were never lower.

New Financial Responsibility Laws in most States make Automobile Insurance a "must" for responsible citizens.

Just as important as an annual Spring

check-up of your car is a check-up of your Automobile Insurance.

See our agent or your broker in your community. He will save you worry, inconvenience and money.

Be sure—insure—before you make the next turn.

*Dependable*

**AMERICAN SURETY COMPANY**

100 BROADWAY • NEW YORK



*As America*

**NEW YORK CASUALTY COMPANY**

AGENTS AND BROKERS EVERYWHERE

# Washington

(CONTINUED FROM PAGE 48)

"(a) Most small manufacturing plants which have obtained war contracts have made money. However, a large proportion of those unable to get into war or essential civilian work have suffered and some have been forced out of business.

"(b) Small plants which have expanded their plants and facilities for war production have done so largely at their own expense. On the other hand the big plants got government financing in the billions for their new facilities.

"(c) Such small plants with expanded facilities for war work have also found it necessary to carry a much higher than their peacetime volume of raw materials and goods in process which have been obtained primarily through loans which must await contract settlement for liquidation.

"(d) The tax structure and renegotiation provisions have borne more heavily on little than on big business.

"**RESULT:** Small businesses have been unable to accumulate the reserves necessary to tide them through the readjustment period. In fact, many of those small businesses which have expanded almost violently during the war, to a size all out of proportion to their normal character, in many cases have been renegotiated out of so much working capital that they are in no shape to reconvert without substantial help.

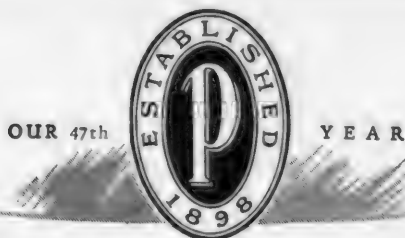
"(e) A very considerable number of small business men are not fully aware of the financial stringency they face nor of the threat to their economic existence. This is because their current sales volume is very high, the inflow of cash—often through the help of advance payments on war contracts—is sufficient to meet current obligations, and they are using for current operations cash which is owed to the Government for taxes and should be reserved for this purpose.

"(f) Immediately following the end of the war in Europe these small concerns will be shocked into an awareness of their predicament, and the first tax day following VE-Day will present many of them with an almost insurmountable obstacle to continued solvency."

## Curbing Capital Values

Chairman Marriner S. Eccles of the Federal Reserve Board caught the ear of Wall Street when he suggested a wartime penalty rate on capital gains "to prevent further inflation of capital values." Feeling that his proposal had been misunderstood, Mr. Eccles issued a clarifying statement, although without eliciting support from the Treasury Department.

Mr. Eccles' proposal "would apply only to the sale of capital assets (as defined under the present law) acquired during a period to be fixed by Congress. My suggestion was that this period be from January 1, 1945 until such time as inflationary dangers have passed, which might be two, or possibly three years after the war. This special wartime capital gains tax would not be superimposed upon the existing tax, but would apply only to assets purchased during this period. . . . The special tax, like any other anti-inflation control, should be discontinued when the need for it no longer exists. Since the purpose of the special tax is anti-inflationary, revenue is not the objective and the more effective the tax, the less it would yield. However, such yield as resulted would be based on rates in line with those imposed under the wartime individual and corporate income tax structure."



## Successful Trust Promotion

*"As a result of our current mailing to our list of 250 persons, 100 have requested our booklet, and a few of these came by the bank to pick up their copies. This response from 40% of our list has far exceeded our expectations."*



Persons are more than ever interested in making wise plans for their families' future. Purse trust advertising effectively directs that interest into action that results in business for the Trust Department, and steadily-increasing future earnings for the bank.

*Without obligation, request complete information*

The **PURSE** Company

Headquarters for Trust Advertising  
CHATTANOOGA, TENNESSEE

BUY WAR BONDS

# Rosie of the Shawmut

THERE is no business quite like banking where the officers of one bank are generally well acquainted with the officers of many other banks, on a personal, friendly basis. If a bank in another town is mentioned it is common to hear: "Oh, yes. I know this officer or that officer."

But it is something to remark, when all over the country, officers in banks and in other businesses feel they have a special friend in the telephone operator at a certain bank. All over the country many think that way about "Rosie of the Shawmut."

Rosie is a great asset to the National Shawmut Bank of Boston in its public relations. She has created an atmosphere of friendliness that has been a matter of comment.

All this happened as the result of a well-conceived idea of public relations and efficiency in the setting up of a particular job—telephone secretary for the officers of the bank—and then putting the right person on the job. The girls who have been on the job for years understand the purpose and carry it out in great shape.

The telephone secretary is stationed

on the bank floor, where most of the officers are located within her vision, and she knows where they are every minute.

IF THE men are not at their desks, she knows where they are in the bank. If they're not in the bank, she knows where they have gone and when they are expected to return. So when a call comes from an outsider for an officer, it goes direct to the telephone secretary and she makes the connection, or if the officer is not in, she gets the name of the person calling and his message, if any, so that no time is lost for the person calling in and he feels he has been well taken care of.

Rosie has the main "trick" at the telephone desk on the floor, as they say in the jargon of the telephone business, and consequently gets most of the calls during the hours when bankers and business executives do their telephoning.

The secretaries who have the relief "trick" carry on in the same manner as Rosie, but have not had the opportunity to be so well-known.

Rosie has added to the doing of the job a warmth and friendliness through a fine personality that has made the service remarkable to many. To have the same person always reply in a friendly manner and with a remarkable ability to remember men and voices, so that the secretary often addresses the person calling by his name or otherwise indicates recognition of him, creates at least a feeling of ease on the part of the person calling.

ROSIE does the job so well and has such a pleasant voice and manner, that those who call are impressed and she has definitely become a personality, so much so that on many occasions when bankers have come from out of town they have said they wanted to say hello to Rosie in person; this has happened with men from Chicago, Washington and as far away as San Francisco, who have never seen her but have talked with her on the telephone. And contrary to the usual happening, when they do see Rosie, they find she is as pleasant and as vivacious as they expected, and even prettier.

Rosie is married. Her maiden name was Anna Rosemond—hence the Rosie. Her name now is Mrs. Joseph Donovan and her husband is a handsome policeman.



## A Never Ending Task

There is little rest for the good farmer. His is a year-round job with every season packed to the brim with particular tasks to be done. During the growing and harvesting seasons, when every hour counts, his days begin at sun-up and end long after sundown. Keeping the land fertile, in particular, is a never ending job—just like keeping goodwill of customer is.

Power machinery built by Minneapolis-Moline is helping to make the task of the farmer lighter. MM machines work hand-in-hand with him in his race against time. The labor-saving features of MM tractors and machines have brought modern, speedy methods to present-day farming and are giving farmers more hours to enjoy family and community life.

Bankers of America are working with the MM Machinery Dealers in their communities in helping to bring a fuller enjoyment of living and greater prosperity to the farmers of today . . . a prosperous farming community is essential to real prosperity anywhere.




# MINNEAPOLIS-MOLINE

## POWER IMPLEMENT COMPANY

MINNEAPOLIS 1, MINNESOTA, U.S.A.



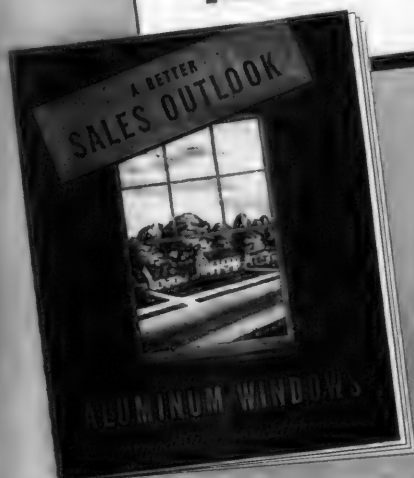
# ALUMINUM WINDOWS FOR MODERATELY PRICED HOMES

## GENERAL BRONZE CORPORATION

*announces*

### the formation of a new subsidiary THE ALUMINUM WINDOW CORPORATION

This new company will specialize in the production and sale of fine quality aluminum windows in stock sizes for residential and apartment construction. It will be backed by all of the resources and experience that have made General Bronze Corporation world leaders in the production of non-ferrous windows.



#### For Bankers interested in residential building!

This colorful, well-illustrated book gives complete information on these new Aluminum Windows. Tells how they save maintenance costs, how they keep homes modern-looking for years, how they increase the resale value of a home. Write for a Free copy today.

#### THE ALUMINUM WINDOW CORPORATION

*A Subsidiary of General Bronze Corporation*

34-27 Tenth Street

Long Island City 1, N. Y.

# The New Transit Instructions

MELVIN C. MILLER

MR. MILLER is secretary of the Bank Management Commission, American Bankers Association.

ON FEBRUARY 6, 1945 the Bank Management Commission of the American Bankers Association sent a letter, signed by W. A. McDonnell, chairman, to all banks in the country recommending that general transit instructions be changed, effective March 1, 1945, to read as follows:

Wire non-payment of all items \$1,000 and over, giving the name of our depositor.

Do not protest items \$100 or under or those bearing on face this stamp or similar authority of a preceding bank endorser:

N.P.  
0-0

From all indications the circular letter is receiving a hearty response. Banks are sending notices to their customers explaining how the changes will mean a considerable saving in dollars and cents to them. The Federal Reserve banks have revised their collection procedure to harmonize with these instructions. Clearinghouses have approved the new procedure.

As a result of the change increasing the wire limit for unpaid items from \$500 to \$1,000, James E. Kennedy, vice-president of the Philadelphia National Bank, and a member of the Bank Management Commission, has estimated that the saving per year in cost of telegrams and labor for the banks and their customers will be approximately \$600,000. Furthermore, the estimated saving resulting from increasing the protest limit from \$50 to \$100 will be approximately \$275,000, a total of \$875,000, or about \$73,000 per month. In addition, items which were formerly subject to protest should be returned a day earlier.

SINCE the new transit instructions were suggested to the banks a number of inquiries have been received regarding different aspects of the new procedure. The Legal Department of the A.B.A. has prepared the following questions and answers to handle these inquiries. As they may be of general interest in connection with this program they are presented here.

(1) Question: What is the legal obligation of a bank in regard to protesting checks?

Answer: The Uniform Negotiable Instruments Act, Section 152, requires protest of a foreign bill of exchange but provides that "Where a bill does not appear on its face to be a foreign bill, protest thereof in case of dishonor is unnecessary." In the case of other than foreign bills, that is to say, inland bills and promissory notes, there is this further provision, Section 118—"Where any negotiable instrument has been dishonored it may be protested for non-acceptance or non-payment, as the case may be; but protest is not required, except in case of foreign bills of exchange."

In other words, the act requires protest only in the case of foreign bills and indicates it is unnecessary in the case of inland bills and notes but at the same time expressly permits and makes lawful protest in such cases.

(2) Question: Is a check drawn and payable within the same state, even though sent for collection outside the state, a foreign bill and as such required to be protested?

Answer: The Uniform Negotiable Instruments Act, Section 129, provides that: "An inland bill of exchange is a bill which is, or on its face purports to be, both drawn and payable within this (any designated) state. Any other bill is a foreign bill. Unless the contrary ap-

"That's my husband at the next window—make this withdrawal in whatever amount he's depositing"



pears on the face of the bill, the holder may treat it as an inland bill." A check drawn and payable within the same state even though sent for collection outside the state is not a foreign bill and protest of such check is not required.

(3) Question: Under what circumstances can a check be regarded as a foreign bill of exchange?

Answer: Only where such check on its face purports to be drawn in one state and payable in another. If, for example, a depositor using a check on a New York bank should be traveling in California and should insert on the date line a place in California, then such check would constitute a foreign bill of exchange. Such cases, however, constitute a small portion of the items handled by banks.

(4) Question: Why is it customary for banks to protest checks? Would it not be just as protective and less expensive if the check were not protested unless the protest was necessary to save the liability of the customer?

Answer: In an action against the endorsers of a dishonored check it is necessary for plaintiff to prove due demand of payment and notice of non-payment to the endorsers. Generally, a certificate of protest is prima facie evidence of this and thus affords a convenient means of proof. Otherwise proof must be made by the more cumbersome method of calling a witness. Besides the witness may have died or moved.

(5) Question: Is a check drawn and payable in one state and endorsed in another subject to protest?

Answer: Notwithstanding such endorsement, the check is an inland bill of exchange and does not require protest, although, of course, it may be protested.

(6) Question: Is there any legal liability involved on the part of a bank in omitting protest on inland checks of \$100 or less?

Answer: In the absence of instructions, it is proper for the bank to omit protest and merely give due notice of dishonor.

(7) Question: Under the new protest practice must notice of dishonor be given to parties secondarily liable?

Answer: The new practice dispenses only with formal notarial protest of items of \$100 or less. Under the Uni-

(CONTINUED ON PAGE 82)



Bruce Barton, noted author and Metropolitan Policyholder.

## A policyholder reports on his life insurance company

**T**HIS YEAR, in making its Annual Report to 31,000,000 policyholders, Metropolitan decided to try something new.

We asked Bruce Barton, a policyholder, and a well known writer, if he would write the report. He agreed.

So he visited our Home Office, asked a host of questions, looked into the facts and figures. According to his report, the things he learned about the Company confirm what the Examiners of the State Insurance Department found. Following their most recent official examination of the Company they had stated:

"From this examination, it becomes evident that the Company is in strong

financial condition, that its affairs are ably managed, and that the business of the Company is being operated in the interests of its policyholders."

One out of every five persons in this country is a Metropolitan policyholder. If, like Mr. Barton, you are one of this group, you'll be more than interested in the things he learned. Even if you're not a policyholder, you cannot help but enjoy reading Mr. Barton's account of what Metropolitan did in 1944 for the benefit of policyholders and public.

If you'd like a copy of this Annual Report to Policyholders, entitled, "Something New in Annual Reports," write in for it. It's yours for the asking.

### BUSINESS REPORT FOR 1944

In accordance with the Annual Statement as of December 31, 1944, filed with the New York State Insurance Department.

#### OBLIGATIONS TO POLICYHOLDERS, BENEFICIARIES, AND OTHERS

|                                                                                                                       |                    |
|-----------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>Policy Reserves Required by Law</b>                                                                                | \$5,923,550,602.75 |
| This amount, together with future premiums and interest, is required to assure payment of all future policy benefits. |                    |
| <b>Policy Proceeds and Dividends Held at Interest.</b>                                                                | 296,078,543.16     |
| These are funds left with the company to be paid in the future.                                                       |                    |
| <b>Reserved for Dividends to Policyholders</b>                                                                        | 114,154,637.00     |
| Set aside for payment in 1945 to those policyholders eligible to receive them.                                        |                    |
| <b>Other Policy Obligations</b>                                                                                       | 67,579,917.19      |
| Claims in process of settlement, estimated claims not yet reported, premiums paid in advance, etc.                    |                    |
| <b>Taxes Due or Accrued</b>                                                                                           | 21,656,953.00      |
| Includes estimated amount of taxes payable in 1945 on the business of 1944.                                           |                    |
| <b>Special Reserve for Investments.</b>                                                                               | 104,368,000.00     |
| To provide against possible loss or fluctuation in their value.                                                       |                    |
| <b>Miscellaneous Liabilities</b>                                                                                      | 24,644,127.31      |
| <b>TOTAL OBLIGATIONS</b>                                                                                              | \$6,552,032,780.41 |

#### ASSETS WHICH ASSURE FULFILLMENT OF OBLIGATIONS

|                                                                                                                                    |                    |
|------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>National Government Securities</b>                                                                                              | \$3,066,445,698.96 |
| United States and Canadian.                                                                                                        |                    |
| <b>Other Bonds</b>                                                                                                                 | 1,919,930,288.87   |
| Provincial, State and Municipal                                                                                                    |                    |
| Railroad                                                                                                                           | \$ 98,069,228.70   |
| Public Utilities                                                                                                                   | 588,210,136.87     |
| Industrial and Miscellaneous                                                                                                       | 769,116,680.34     |
|                                                                                                                                    | 464,534,242.96     |
| <b>Stocks</b>                                                                                                                      | 104,596,021.13     |
| All but \$2,407,086.53 are Preferred or Guaranteed.                                                                                |                    |
| <b>First Mortgage Loans on Real Estate</b>                                                                                         | 916,419,648.68     |
| Farms                                                                                                                              |                    |
| Other Property                                                                                                                     | 87,325,964.20      |
|                                                                                                                                    | 829,093,684.48     |
| <b>Loans on Policies</b>                                                                                                           | 370,567,520.95     |
| Made to policyholders on the security of their policies.                                                                           |                    |
| <b>Real Estate Owned</b>                                                                                                           | 310,793,056.22     |
| Includes \$49,148,672.32 real estate under contract of sale and \$146,808,180.56 Housing Projects and real estate for Company use. |                    |
| <b>Cash</b>                                                                                                                        | 143,063,675.82     |
| <b>Other Assets</b>                                                                                                                | 163,634,660.80     |
| Premiums due and deferred, interest and rents due and accrued, etc.                                                                |                    |
| <b>TOTAL ASSETS TO MEET OBLIGATIONS</b>                                                                                            | \$6,995,450,571.43 |

Thus, Assets exceed Obligations by **\$443,417,791.02**. This safety fund is divided into

|                              |                 |                                   |                  |
|------------------------------|-----------------|-----------------------------------|------------------|
| <b>Special Surplus Funds</b> | \$15,706,000.00 | <b>Unassigned Funds (Surplus)</b> | \$427,657,791.02 |
|------------------------------|-----------------|-----------------------------------|------------------|

These funds, representing about 7% of the obligations, serve as a cushion against possible unfavorable experience due to war or other conditions and give extra assurance that all policy benefits will be paid in full as they fall due.

**NOTE:**—Assets carried at \$332,059,336.58 in the above statement are deposited with various public officials under requirements of law or regulatory authority. Canadian business embraced in this statement is reported on basis of par of exchange.

#### HIGHLIGHTS OF 1944 OPERATIONS

|                                                 |                  |                                                   |                 |
|-------------------------------------------------|------------------|---------------------------------------------------|-----------------|
| <b>Life Insurance in Force, End of 1944</b>     | \$30,696,750,125 | <b>Paid-for Life Insurance Issued During 1944</b> | \$2,064,042,459 |
| <b>Amount Paid to Policyholders During 1944</b> |                  | \$592,034,726.22                                  |                 |

## Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker, CHAIRMAN OF THE BOARD

Leroy A. Lincoln, PRESIDENT

1 MADISON AVENUE, NEW YORK 10, N. Y.



# Transit Instructions

(CONTINUED)

form Negotiable Instruments Act, Section 94, an agent bank in whose hands the instrument has been dishonored may either give prompt notice to all parties liable thereon or to its immediate principal, that is, the last endorser. Each endorser in turn promptly notifies the preceding endorser. Uniform Negotiable Instruments Act, Section 107. Under Section 89 of the act, when a negotiable instrument has been dishonored, "notice of dishonor must be given to the

drawer and to each endorser, and any drawer or endorser to whom such notice is not given is discharged."

(8) *Question: What advantage is to be gained by omitting protest on items \$100 or less?*

*Answer:* In view of the small number of suits on items of \$100 or less, omitting protest saves the cost of notarial fees and passes this cash benefit on to the customer.

(9) *Question: Is the former practice of not protesting items \$50 or less based on any law?*

*Answer:* No. Such practice is merely a custom which has been followed volun-

tarily by banks for the purpose of eliminating useless notarial expense on items upon which there generally is little or no litigation.

(10) *Question: Under what circumstances can the bank be held liable for omitting protest?*

*Answer:* Only in the case of a foreign bill of exchange. In every case, a bank should obey specific instructions.

(11) *Question: Should a bank acting as collecting agent obey instructions to protest inland checks?*

*Answer:* Where such bank has positive instructions to make protest, the proper course is to follow the instructions even though protest is not legally required.

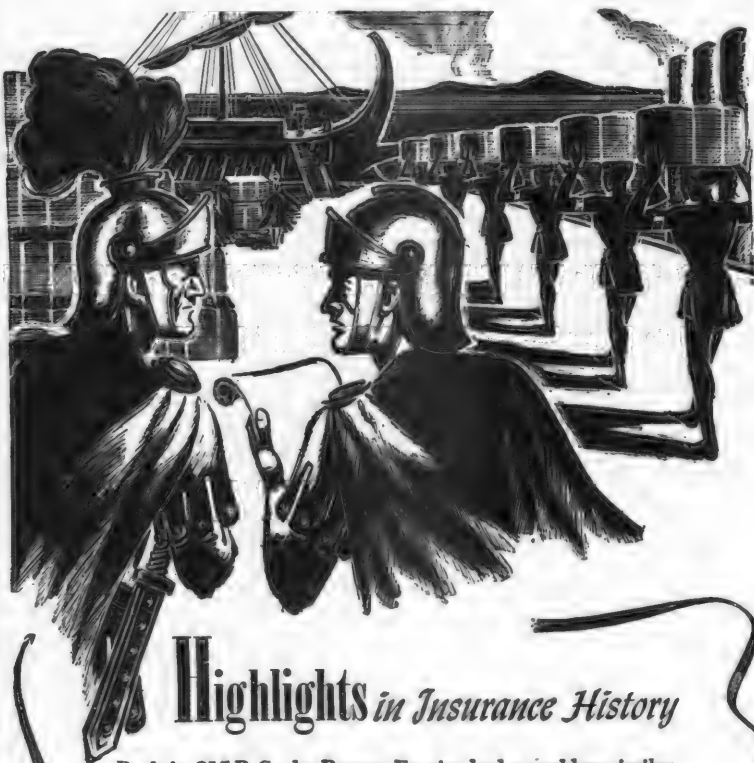
(12) *Question: Do the statutes in any state prohibit a bank from charging a protest fee where protest is not legally required?*

*Answer:* Yes. For example, the North Dakota Negotiable Instruments Act, Section 152 of the Uniform Act, reads in part as follows: "Where a bill does not appear on its face to be a foreign bill, protest thereof in the case of dishonor is unnecessary and if the same is protested no charge therefor shall be made to any party to the instrument."

(13) *Question: Is a collecting bank authorized to charge the owner of an item with the cost of protest where such protest is not legally required?*

*Answer:* In view of the fact that the Uniform Negotiable Instruments Act permits protest of any negotiable instrument which has been dishonored and it is customary for banks to protest dishonored items over a certain amount in order to provide the owner with a convenient means of proving dishonor in case of suit, the better view would be

(CONTINUED ON PAGE 84)



## Highlights in Insurance History

Back in 215 B.C., the Roman Empire had a problem similar to some we have today—the speedy delivery of food, clothing and wages to their soldiers and their allies fighting under Scipio in Spain. Three trading companies agreed to take the risk provided the State would bear any losses arising from storms or enemies' attacks. This early form of insurance made the war deliveries possible.

Today, insurance in all its modern forms stands back of the production and delivery of the supplies needed by our armies in foreign countries. The NATIONAL UNION and BIRMINGHAM FIRE INSURANCE COMPANIES, during war or peace, offer "the last word" in modern, well tested insurance protection.

## National Union and Birmingham

FIRE INSURANCE COMPANIES

PITTSBURGH



PENNSYLVANIA

Roy Blough, director of tax research, U. S. Treasury, is working on a program to lighten the tax burden on business and to stimulate a market for products through lower taxes on those who do the bulk of the spending



HARRIS & EDWIN  
BANKING



"Certainly we're ready  
to talk elevators..."



**D**URING the past several years, the manufacturing facilities of the Otis Elevator Company have been devoted largely to the production of a great volume of specially designed elevators and precision equipment for a number of vital war requirements.

And, as long as the war lasts, a large part of these facilities will continue to be devoted to the production of war goods.

Right now, however, the Otis Elevator Company is in a position to help you *plan for your post-war elevator needs*.

Your Otis representative is ready to serve you. He is available to analyze fully your elevator problems and to make recommendations concerning the equip-

ment which will be best suited to your post-war requirements.

By planning now, you will be assured that a minimum of time will be lost in getting your required equipment in production after war restrictions have been removed.

So, to be certain of the last word in vertical transportation for present or proposed office buildings . . . for hospitals, hotels, factories, or warehouses, call your Otis representative *today*.



*Serving this Northern California Area*



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SAN FRANCISCO

DEPOSITS OVER  
\$700,000,000

MEMBER FEDERAL DEPOSIT INSURANCE CORP.

MEMBER FEDERAL RESERVE SYSTEM

## For Prompt Collections in Canada

Manufacturers National Bank of Detroit has both the connections and the facilities for prompt collections in Canada. And, of course, our geographical location promotes speed.

You, too, are invited to route your Canadian collection items through Manufacturers National.

★ Buy More War Bonds ★

**MANUFACTURERS NATIONAL BANK  
OF DETROIT**

DETROIT  
DEARBORN • HIGHLAND PARK

*Member Federal Deposit Insurance Corporation*

## Transit Instructions

(CONTINUED)

to allow the bank to charge the owner with the cost of protest unless he had given specific instructions not to protest. Such charge would be for the benefit of the owner who probably could not successfully contest such charge.

(14) *Question: Who is entitled to the protest fees?*

*Answer:* The decisions hold that the fees belong to the notary. The courts condemn the practice on the part of banks of splitting the fees with the notary, holding that it is contrary to public policy for a notary public to assign in advance his notary fees. There have been some outstanding cases where a notary has sued and recovered from a bank protest fees which the bank has received and retained over a period of years. For example, in the case of *Kip v. People's Bank & Trust Co.*, 164 Atl. 253, the notary recovered \$22,039.50, representing fees earned during the last six-year period of his employment, less monthly salary payments. The notary in this case had been employed by the bank over a period of 22 years and by agreement plaintiff was paid a salary of \$75 a month, the bank receiving and retaining the notarial fees. In the case of *Ohio National Bank v. Hopkins*, 8 App. D. C. 146, the notary recovered \$1,251.56, and in *Kress v. Manufacturers Trust Co.*, (1937) 250 App. Div. 93, 293 N.Y.S. 646, affirmed, 275 N. Y. 493, 11 N. E. (2d) 312, the plaintiff, Kress, obtained judgment in his favor in the sum of approximately \$25,000.

(15) *Question: Is there any legal necessity on the part of a bank to inform its customers of the new practice?*

*Answer:* There is no legal necessity for so doing. However, it presents a valuable opportunity to build up goodwill (CONTINUED ON PAGE 87)

"Sorry to bother you, but I just had to talk with someone"





*Put your finger  
on the map of*  
**CALIFORNIA!**

**IN PLANNING AHEAD,** business, industrial, and banking executives are weighing the vast opportunities in California. If you put your finger on the map of this State you touch the richest, most concentrated market in the West.

Your finger placed at almost any point on this map — at more than 300 points, in fact — will cover, too, a city or town where your interests can be served by the local facilities of Bank of America.

This California-wide branch bank, long experienced in serving others, welcomes the opportunity of being helpful to you. Your inquiry is invited.

◀ **RESOURCES OVER 4½ BILLION DOLLARS** ▶

## **Bank of America**

**NATIONAL TRUST AND SAVINGS ASSOCIATION**

MEMBER FEDERAL RESERVE SYSTEM • MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

Complete Banking Facilities - Commercial - Savings - Trust - Safe Deposit

Main Offices in the two reserve cities of California . . . San Francisco - Los Angeles



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Detailed statements, officers, directors, correspondents, transit numbers for United States and Canada. Also Foreign Banks and Bankers with latest data obtainable.

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Lists of Investment Dealers and Brokers... also Stock Exchanges, throughout United States and Canada.

**LIFE INSURANCE COMPANIES**  
Legal Reserve Companies operating in United States... statements, officers, directors.

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★

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★

1945



# Transit Instructions

(CONTINUED)

and better customer relations.

(16) *Question: What form of instructions on the cash letter is suggested in order to conform to the new practice?*

*Answer:* The following instructions adequately cover the new practice:

Wire non-payment of all items \$1,000 and over, giving the name of our depositor.

Do not protest items \$100 or under or those bearing on face this stamp or similar authority of a preceding bank endorser:

N.P.  
0-0

(17) *Question: To eliminate a series of wires between banks regarding the non-payment of checks, why cannot the bank on which the check is drawn wire the first bank endorser, and thus save the time and expense involved in wiring intervening endorsers?*

*Answer:* There are a number of practical objections to this proposal which have been raised by banks themselves as a result of actual experiences in handling items requiring telegraphic notice

of nonpayment. In many cases, it has been found that it is not an easy matter to discover which is the first bank endorsement on a check. As bank endorsements are generally placed on checks by machines, it is frequently impossible to determine which of the several stamps is the first, second, third, etc., due to the fact that the stamps are often superimposed, one upon the other. Other times the stamping is illegible. Another complication may result from the use of the composite endorsement stamp which bears the names of two or more banks. Accordingly, it can be understood why these conditions make it difficult if not impossible, to follow the proposal, and for this reason banks are compelled to deal only with immediate correspondents, rather than assume the risk of a law suit in the event they fail to notify the proper party. Experience also shows that the proposal to limit telegraphic instructions to the first bank endorser disregards the fact that in many cases the intermediate banks are, themselves, interested in receiving wire notice of nonpayment. As long as the last bank endorser insists upon receiving telegraphic notice of nonpayment, there appears to be no solution to the problem until the foregoing objections are

removed. See also Question 7, which indicates that if notice of dishonor were wired to the first bank endorser and this were the only notice of dishonor, then later endorsers would be discharged. A bank wiring the first endorser bank might overlook sending the required notice of dishonor to its immediate correspondent with resulting liability.

(18) *Question: With respect to protest, what distinction is drawn between a check returned because of missing or defective endorsements, and one returned because of insufficient funds or a stop payment?*

*Answer:* A check returned for missing or defective endorsement is not subject to protest, but one returned because of insufficient funds or a stop payment order is dishonored and therefore is subject to protest. Section 118 of the Uniform Negotiable Instruments Act authorizes protest "where any negotiable instrument has been dishonored," and section 83 provides that "the instrument is dishonored by non-payment when it is duly presented for payment and payment is refused." The holder of an instrument, lacking a necessary endorsement, is not in a position to make due presentment and, therefore, there can be no dishonor which would authorize a protest.

## MR. BANKER, OPPORTUNITY IS KNOCKING



One of the greatest opportunities for profit is knocking at your door, Mr. Banker. State Farm Mutual's 6,000 agents hold the key to four billion dollars' worth of postwar consumer credit. State Farm's more than a million policyholders represent preferred risks for auto financing business. Find out more about this great profit opportunity without obligation.

### STATE FARM INSURANCE COMPANIES

Bloomington, Illinois

CLIP AND MAIL TODAY!

State Farm Insurance Companies, Bloomington, Illinois

Gentlemen:

Please send us new free booklet which tells how the State Farm Bank Plan will help us get our share of America's billion dollar postwar car financing business. B 45

Name ..... (Bank)

Address .....

City ..... Zone ..... State .....



## Look in the Mirror, Mr. Driver!

You drive carefully...your car's in good shape...you have automobile insurance protecting you against damage suits, fire, theft or damage to your car. So you're all set for carefree motoring, aren't you? *Maybe not!* Look in the mirror, Mr. Driver . . .



**Does your Automobile Insurance cover the guest in your car?**

If you should have an accident—if your guest should be injured—you'd want to say, "Get the best possible medical care. It's on me!"

**Look in the back seat . . .  
is your family protected?**



And of course you'd want the best of medical attention for your family. You can have it. For just a few dollars more—as little as \$3 a year in many communities—your Hartford Automobile Insurance will pay all medical expenses . . . doctors, nursing, hospital, etc. up to \$250 per person for every person in your car—more if you wish!

### Hartford "Medical Payments" Insurance protects you, your guests, your family!

This feature is simply added to your regular automobile policy. It pays medical expenses for yourself and all passengers who may be injured—whether the accident is your fault or not. Your Hartford agent or your insurance broker will be glad to give you the whole story. Or write us.

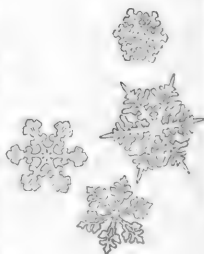


### Aviation Insurance? Of course!

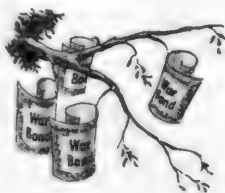
Your Hartford agent or your insurance broker is just as "air-minded" as you are! He'll be glad to provide the protection of good, strong insurance for your plane . . . your fleet of airliners . . . yes, even for that helicopter that is coming some day. *Right now* you can get protection for all good, safe, insurable aircraft.

### Beautiful—but dangerous

Snowflakes may spell trouble around your home this winter. Before you know it, they're packed down hard . . . and slippery. Someone falls—a guest, perhaps, or a servant. Your fault? Maybe not, but nevertheless you may face the threat of a costly lawsuit. Hartford's \$10-a-year "Damage Suit Insurance" thaws you out of trouble more quickly than a warm spring sun. Covers you up to \$10,000!



### Don't pick them 'till they're ripe!



Let your War Bonds grow to maturity. You'll be glad some day that you let them grow, let the interest pile up, until they pay off at full face value. That way you'll get four dollars back for every three you invested. Uncle Sam can't buy bullets with the bonds you *used* to own!

# Hartford Insurance

Hartford Fire Insurance Company  
Hartford Accident and Indemnity Company  
Hartford Live Stock Insurance Company

*Writing practically all forms of insurance except personal life insurance • Hartford 15, Conn.*



# Heard Along Main Street

## 80 Years a Banker

**D**WIGHT E. DEAN, 96-year-old president of National Iron Bank of Falls Village, Connecticut, is as much a stickler for punctuality and devotion to duty today as he was 80 years ago when he began working at the bank. He reports at 8:30 in the morning and doesn't leave the bank until 4:30 P.M. He seldom takes a vacation and illness rarely keeps him away from work.

Mr. DEAN began work as an office boy at \$50 a year on April 4, 1865, when Falls Village was a thriving iron ore mining town. Eleven days later President Lincoln was assassinated.

The competence with which the bank has been managed by Mr. DEAN and his

associates is indicated by the fact that it has weathered all the financial crises since its founding 98 years ago.

Although the iron ore pits of northwestern Connecticut, where Falls Village is located, have become extinct as ore from midwestern states and from Sweden has been mined in greater and greater abundance, the bank has continued to maintain its importance in the village's financial life.

Today its transactions are mainly with area farmers and small business men of Falls Village and neighboring Canaan, which have a combined population of 555, compared with 1,600 during the Civil War period.

Mr. DEAN prides himself on being a lifelong bachelor. He's independent in



Mr. Hubbell, standing, and Mr. Dean, seated

politics in a community which is virtually 100 per cent Republican.

He still sings in the choir of the Congregational Church and he likes to work in his war garden.

Until four years ago, only men worked at the bank; however, wartime conditions have forced Mr. DEAN to hire women for the first time. Besides two women clerks, his only associate is WILLIAM R. HUBBELL, cashier, who has been working at the bank for 63 of his 78 years.

## Ammunition Depot Branch

Banking facilities, which include a branch office and a mobile unit, have been established at the United States Naval Ammunition Depot in Crane, Indiana, by The First National Bank of Bloomington, Indiana. In carrying on its operations at the depot, which has 8,900 civilian employees in addition to the military personnel with a weekly payroll of about \$250,000, the First National will provide all necessary banking services, including the sale and redemption of War Bonds and Stamps.

Fixtures and equipment, including the mobile unit and vault, were provided by the Navy Department. The mobile unit is believed to be the first of its kind used by a federally chartered bank on a military reservation.

## Auditors Locate in Chicago

Because of its growing membership and plans for post-war expansion, the National Association of Bank Auditors and Comptrollers has moved its national headquarters from Cleveland to Chicago, where, it is believed, the Association will be more readily accessible to its members. Its offices are in the First National Bank Building.

JOHN C. SHEA, assistant vice-president, Whitney National Bank, New Orleans, is president of the Association

Bankers and insurance brokers of a Yunnan Province, China, metropolis recently entertained former staff members of Federal Reserve banks in the U. S. A., who are now serving with the U. S. Forces in China. Seated, l. to r., H. C. Chien, of Yangtze River Industrial Bank; T/3 F. McCord Baum, St. Louis; Wu Yung, superintendent of banks in southwest China; T/4 James T. Tole, Jr., San Francisco; Siufeng Huang, manager, Central Bank of China; Cpl. George H. Clark, Brooklyn, New York; Tseng Chang, sub-manager, Farmers Bank of China; 1st Lt. Marshall L. Page, New York City; standing, C. H. Wang, Bank of China; S. Y. Cheng, Shanghai Trust; Tsinform C. Wong, Bank of China; Major D. M. Scott, Jr., Chase National Bank, New York; C. L. Wang, Central Bank of China; and C. H. Chang, Bank of China



Bankers and insurance brokers from the U. S. A. serving with the Armed Forces in China were recently entertained by their Chinese counterparts in a Yunnan Province city. Seated, l. to r., Lt. Col. Richard L. Craige, Arkansas Trust Co., Hot Springs National Park; Siufeng Huang; Major David G. Rees, Utilities Insurance Co., St. Louis; Tsinform C. Wong; Sgt. Willard W. Daugherty, Montrose (Mo.) Savings Bank; standing, C. H. Chang; S/Sgt. J. R. Mulligan, Prudential Life Insurance Co., West Orange, N. J.; Sgt. Herbert C. Parson, Continental Casualty Co., Chicago; Sgt. LaVerne A. Hisey, National Protective Insurance Co., Kansas City; Capt. Joseph N. Box, First National Bank, Grapevine, Texas; 1st Lt. Leonard S. Thomson, Bank of America and America-Asiatic Underwriters; T/Sgt. Boris E. Gutmann, Bank of America, San Pedro, Calif.; and H. C. Chien



and MILLS B. LANE, JR., first vice-president, Citizens and Southern National Bank, Atlanta, is secretary. DARRELL R. COCHARD, managing editor of the "National Auditgram," is assistant secretary. Mr. COCHARD was connected with The Cleveland Trust Company before joining the NABAC in 1940.

### Council for Inter-American Cooperation

Formation of the Council for Inter-American Cooperation, Inc., to mobilize the support of business; cultural, labor and educational leaders of the nation in

hemispheric cooperation is announced by JOSEPH C. ROVENSKY, vice-president in charge of the foreign department of The Chase National Bank of New York and president of the new organization.

The Council will operate under direction of a board of trustees composed of prominent Americans, with W. Randolph Burgess, president of the American Bankers Association and vice-chairman of the board, National City Bank of New York, as chairman. BENJAMIN E. YOUNG, executive vice-president, National Bank of Detroit, Michigan, also is a member of the Council's board.

Inter-American centers, established

by the Office of the Coordinator of Inter-American Affairs, already are in existence in a number of cities, and, in addition to cooperating with them, the Council's purpose will be to establish centers in a number of other cities.

"These centers," Mr. ROVENSKY explains, "lend their support to promotion of exchange of thought and ideas through two-way travel and services to Latin American visitors, conduct projects relating to economic development, and also operate as regional clearing-houses, service bureaus and sources of information for individuals and organizations interested in inter-American understanding and cooperation."

Temporary headquarters of the Council will be at 30 Rockefeller Plaza, New York.

### Association of Bank Women

When FRANCES VINCENT was elected assistant cashier of the Rapid City National Bank, Rapid City, South Dakota, a few months ago, an officer of the bank was reported by the press as observing that he believed Miss VINCENT to be the only woman bank officer in the state. He now knows his mistake, for ALICE H. WHITTON, cashier and trust officer, Burke & Herbert Bank & Trust Company of Alexandria, Virginia, and chairman, Membership Committee, Association of Bank Women, was appointed a committee of one to tell him that, in addition to MAUDE C. NELSON, assistant cashier of the First National Bank in Grand Rapids, there are at least 47 other women bank officers

(CONTINUED ON PAGE 92)

First Lieutenant Fred W. Kohl, Jr., formerly head bookkeeper and assistant cashier of the First National Bank of Ripon, Wisconsin, presently adjutant and detachment commander at a Y-Force base depot in southwestern China, instructs a Chinese in the use of American arms. The lieutenant is a member of Wisconsin Chapter of the A.I.B. He wears two bronze stars on his Asiatic campaign ribbon



## FOREIGN AND DOMESTIC COMMERCE

Today many companies in your area are undoubtedly requesting information on how they can expand their markets to foreign countries, or import raw materials or merchandise from them. For your assistance in guiding such broad planning, the Foreign Department of Central National Bank offers the benefit of its experience and current studies:

- (1) For those companies carrying over foreign trade experience from the prewar years, we have up-to-the-minute knowledge of present and potential conditions which can be most valuable in re-establishing and broadening connections in foreign countries.
- (2) To potential exporters and importers, we offer our facilities for providing the basic information which will eliminate many of the initial problems.

Write or phone, and one of our officers will be glad to review your foreign operations with you at your convenience.



## CENTRAL NATIONAL BANK of Cleveland

• MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION •





(From Detroit Free Press  
—January 10, 1945)

## City Bank Resources Hit \$2,627,250,000 Record

Detroit's commercial banks, keeping pace with the City and State war effort, took a vital part in financing and supporting the all-out drive for victory in 1944.

Total deposits of the six commercial banks reached a record high of **\$2,533,000,000**, compared with **\$2,398,000,000** in the previous year.

though profits were substantially higher, they were not in proportion to increased business volume.

\* \* \*

**TOTAL RESOURCES** advanced to **\$2,627,250,000**, an increase of **\$138,770,000**, over the prior year.

Co-operation in war financing was evident in United States Government holdings of **\$1,726,190,000**. This compares with **\$1,624,310,000** in 1943. Loans, preponderately for war production, increased approximately **\$8,000,000** to **\$228,650,000**. Al-

**YEAR-END REPORTS** to stockholders at annual meetings and elections Tuesday showed:

The National Bank of Detroit's average resources were **\$1,209,293,000**. Earnings were **\$4,242,382**, equal to **\$4.24** on 1,000,000 shares, compared to **\$3.25** the previous year. A total of **\$7,500,000** was transferred from undivided profits to surplus.

## NATIONAL BANK OF DETROIT

Complete Wartime Bank and Trust Service

Member F. D. I. C.

RESOURCES EXCEED ONE BILLION DOLLARS

## MAIN STREET—Continued

in South Dakota, according to a recent survey made by the Association. Moreover, she told him where he could get the names of these woman officers.

The Western Division members of the Association of Bank Women recently held a forum in Riverside, California, during which bank women gave their views of the post-war world. EDITH SCHAAF, cashier, Beverly Hills National Bank and Trust Company, discussed the "Dumbarton Oaks Conference," and SOPHIA SMITH, escrow officer, Bank of America, South Holly-

wood branch, discussed the "Bretton Woods Agreements."

### Banker Gets Army Promotion

JERRE G. REED, formerly vice-president and trust officer with the Citizens National Trust & Savings Bank, Riverside, California, recently promoted to major, is stationed at the Ninth Air Force Headquarters in France, where he is a military government and civil affairs staff member.

Major REED attended military government training centers at Fort Custer, Mich., Yale University, Charlottesville, Va., and in England, where he landed in



Major Reed

February 1944. He arrived in France on June 23 with advance elements of the Ninth Air Force.

### Two Awards for Service

FRED F. FLORENCE, president, Republic National Bank of Dallas, was awarded the 1944 Henry D. Lindsley trophy for "outstanding services to the war effort." The trophy is awarded each year to a member of the John W. Low Post-No. 53, American Legion, for outstanding civic accomplishment. Mr. FLORENCE was chairman of the Legion's "Gifts for the Yanks Who Gave" committee which distributed 11,000 Christmas gifts to servicemen in the many veterans' hospitals of North Texas.



The Linz award also went to Mr. FLORENCE for being the "citizen of Dallas whose deeds during 1944 resulted in the greatest benefits to the community." Albert Linz, Dallas

business man, has offered a silver cup annually for 21 years to the Dallas citizen rendering the greatest public service to the community without compensation. Selection is made by a committee of representative Dallas people, from all walks of life, from names submitted by the public and published by the local press. Mr. FLORENCE won over 40 other nominees.

Among the posts held by Mr. FLORENCE are: Chairman of Greater-Dallas Master Plan committee; chairman of the Dallas Infantile Paralysis drive; finance chairman, District 4, Camp Fire Girls and member of the national finance committee for Camp Fire; vice-chairman, Salvation Army; trustee, Southern Methodist University; trustee, Southwestern Medical Foundation; director, Dallas Chamber of Commerce, Dallas Citizens Council, Family Bureau and Civic Federation; chairman, commercial division of Red Cross for 1944;

(CONTINUED ON PAGE 95)


**SINCE 1858...**

we have maintained active contacts affording practical advantages in meeting requirements of correspondent banks.

A connection with this bank may be of help to you in your realistic planning for the post-war period.

**The FIFTH THIRD UNION TRUST co.**  
CINCINNATI, OHIO

Member  
Federal Reserve  
System



Member Federal  
Deposit Insurance  
Corporation



## "Clear Picture"

"The survey of our insurance coverage recently made by you, and the detailed report furnished, present a clear picture of the subject and will be of material assistance to us, both at present, and for future determination of adequate insurance protection.

"You have covered in a clear, concise manner a subject not, as a rule, easily understood by one not thoroughly conversant with the intricacies of insurance problems, and we consider ourselves fortunate in having had the benefits of this survey and report." —from a letter in our files.

*For a clear picture of your insurance requirements consult an America Fore representative or write us at 80 Maiden Lane, New York 8, N. Y.*

### THE AMERICA FORE INSURANCE AND INDEMNITY GROUP

comprise the following companies

|                                      |                                     |                                   |
|--------------------------------------|-------------------------------------|-----------------------------------|
| THE CONTINENTAL INSURANCE CO.        | FIDELITY-PHENIX FIRE INSURANCE CO.  | AMERICAN EAGLE FIRE INSURANCE CO. |
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| THE FIDELITY & CASUALTY CO. OF N. Y. |                                     |                                   |
| BERNARD M. CULVER President          | FRANK A. CHRISTENSEN Vice President |                                   |



## What has happiness got to do with mortgage payments!



**T**HERE IS happiness in this house . . . because it has been designed for better living, *electrically!*

- It has an all-electric kitchen with a G-E Refrigerator, Range, Dishwasher, and Garbage Disposall, Exhaust Fan, Clock, and Steel Cabinets.
- There's an all-electric laundry with G-E Washer, Dryer, and Ironer.
- And modern G-E automatic heating with air conditioning, and automatic hot water.

Surely housework will be easier, living happier in this completely modern home. But what has happiness got to do with a banker's investment?

Happiness and contentment mark the man who has chosen his home wisely. Such a man is proud of his home. He hopes to live in it for *many* years. He will keep it in 'top-notch condition, structurally, mechanically, and financially!

That is practical assurance he will maintain his mortgage, meeting his monthly payments promptly and regularly.

**Yes. A Home Designed For Better Living is a Better-Than-Average Investment!**

The difference in initial cost of such a home will be relatively minor, and the slight in-

crease in monthly payments may be more than offset by savings effected in operation and maintenance.

As a mortgagor, you'll want all the facts, and the dollars-and-cents figures on *Better Living*.

You can find them in the new General Electric booklet, "Your New Home And Your Pocketbook." Write for it today, to—Home Bureau, General Electric Co., Appliance and Merchandise Department, Bridgeport, Connecticut.

**FOR VICTORY—Buy and Hold More War Bonds**

Everything Electrical for Homes after Victory

**GENERAL  ELECTRIC**

**TUNE IN:** "The G-E House Party," every afternoon, Monday through Friday, 4 p. m., E.W.T., CBS. "The G-E All-Girl Orchestra," Sunday, 10 p. m., E.W.T., NBC. "The World Today," news, Monday through Friday, 6:45 p. m., E.W.T., CBS.



chairman, Russian War Relief Society; member, Trinity Industrial District committee and Navy League; co-chairman, Dallas Regional War Finance Committee; treasurer, City of Dallas and State Fair of Texas; chairman, cotton division, Dallas Historical Society; member of executive council of Dallas County War Chest, and chairman, American Legion Christmas Fund.

### Heroism Portrayed in Oils

WILLIAM G. GREEN, president, New York Savings Bank *right*, in the picture *below*, is presenting a painting to Sergeant Edward B. Malinay, which commemorates the sergeant's heroic action in saving the life of Corporal Donald Kearns. While 29,000 feet over Rabaul in a Flying Fortress, Sgt. Malinay noticed that Cpl. Kearns had slumped unconscious over his gun, his oxygen mask disconnected. The sergeant removed his own mask and hauled his friend to safety.



The scene was perpetuated in oils by C. C. Beall and the painting was awarded by the Treasury Department War Finance Committee to the New York bank in recognition of its outstanding services in the Sixth War Loan campaign.

This heroic act by the former Flying Fortress gunner won for him high military honors.

The sergeant is a native of Chestnut Ridge, Pennsylvania.

### Bob Wait

In its February issue **BANKING** had one of those mistakes that just can't happen, but did. Everyone in the banking business knows the name of the late **BOB WAIT**, secretary of the Arkansas Bankers Association for 35 years. Yet through what must be called simply an old-fashioned "combination of circumstances" he was called Robert Watt in **BANKING**.

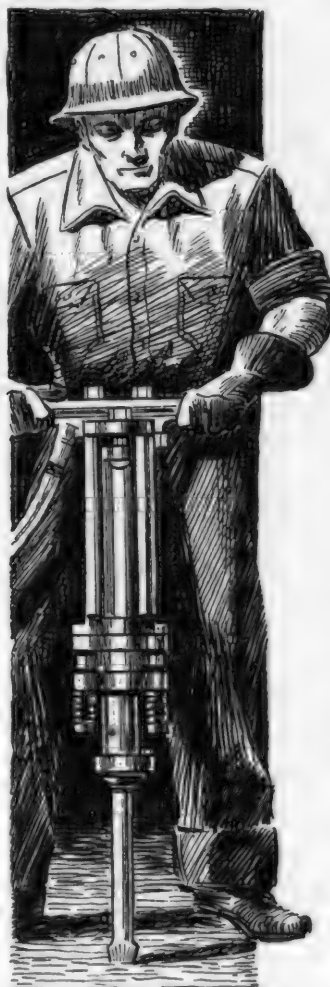
### Citations to Bankers

Colonel **GEORGE P. DIXON**, of New York City, has been awarded the Legion of Merit by Major General Hugh J. Kneer, Commanding General of Air Service Command, U. S. Strategic Air Forces in Europe and the Bronze Star Medal for meritorious service in connection with military operations from January to December 1944. The latter award was made by Brigadier General Clarence P. Kane. Colonel **DIXON** is



Col. Dixon receives the Legion of Merit chief of Air Communications for all of the U. S. Air Forces in Europe.

The colonel arrived in Britain in September 1942 and is credited with overcoming a critical shortage of signal



### potential power

...ready when needed

• An instrument of great potential power, the pneumatic drill requires only a simple operation to play its active part in saving countless man hours of back-breaking labor.

There are times when a business man's financial strength needs to be supplemented by outside assistance, something which can help solve his business problems. An insurance policy, another instrument of abundant potential power, is ready when needed to do *its* active job!



## The London & Lancashire Group

THE LONDON & LANCASHIRE INSURANCE COMPANY, LTD • ORIENT INSURANCE COMPANY • LAW UNION & ROCK INSURANCE COMPANY, LTD



SAFEGUARD INSURANCE COMPANY OF NEW YORK • STANDARD MARINE INSURANCE COMPANY, LTD. (Fire Department) • LONDON & LANCASHIRE INDEMNITY COMPANY OF AMERICA

supplies and facilities in time to prepare the Twelfth Air Force with communications equipment for its role in the North African assault. In addition, he arranged for supplies of radio equipment from British sources and set up a maintenance system which has functioned so smoothly that not one of the thousands of aircraft flown by the Army Air Forces in this theatre has been grounded for lack of communications equipment.

Colonel DIXON holds the Silver Star for gallantry in World War I, when he served with the Signal Corps of the 91st Division in France and Belgium. In

civilian life, he is communications engineer for The National City Bank of New York.

First Lieutenant EDWARD E. BEAMS was awarded the Purple Heart by Major General Clifton B. Cates, commanding general of the Fourth Marine Division, at formal ceremonies somewhere in the Pacific for wounds suffered on Saipan from a Jap shell fragment, which shattered the radio set he was operating. The radio protected Lieutenant BEAMS from serious injury and he was able to rejoin his unit. He also is a National City Bank of New York employee.



Lt. Beams with Purple Heart on his blouse

Two other National City Bank men who have recently received the Purple Heart are Corporal WILLIAM J. STANTON and Pfc. LORNE SMALL. Corporal STANTON has fully recovered and has rejoined his outfit, the 115th Infantry, and Private SMALL is convalescing in England from wounds received while serving in Germany. He was also awarded the Combat Infantry Badge.

### *Have You Heard?*

WILLIAM J. WASON, JR., president of the Kings County Trust Company of Brooklyn, New York, celebrated his 50th anniversary with that institution recently. He also is a trustee of the Dime Savings Bank and a director of several business and financial concerns.

W. L. HEMINGWAY, president of the Mercantile-Commerce Bank & Trust Company, St. Louis, has been elected first vice-president of the Vanderbilt University board of trustees. He succeeds the late Norman H. Davis.

EDWARD E. BROWN, since 1934 president of the First National Bank of Chicago, has been elected to the new position of chairman of the board. JAMES B. FORGAN was elected vice-chairman, and BENTLEY G. MCCLOUD, president. Both had been vice-presidents of the bank for many years. IRVIN L. PORTER, also a vice-president, of the bank, was elected a director to fill the place of CHARLES A. MCCULLOCH, who wished

(CONTINUED ON PAGE 98)

# 100<sup>th</sup> Year



*Anniversary May 17<sup>th</sup>*

THE  
NATIONAL CITY BANK  
— OF CLEVELAND —

Euclid at East Sixth



and in Terminal Tower

Member Federal Deposit Insurance Corporation

**This Machine Can Completely  
Process Your Microfilm**

**HOUSTON MODEL 11 FILM PROCESSOR  
HANDLES 16 MM. NEGATIVE, POSITIVE  
AND REVERSAL FILM**



**HOUSTON'S NEW  
MODEL 11 FILM  
PROCESSOR**

*A complete self contained,  
portable unit requiring no  
extra equipment. Dimen-  
sions: 64" long, 54" high,  
24" wide. Processing speeds  
up to 20 feet per min.*

With the advent of microfilm, banking institutions, seeing a saving of time, machine equipment and storage space, have adopted the microfilm system for copying checks, single posting, statements, wills, deeds and other transactions.

To the many banks and banking institutions using microfilm and to those about to begin, Houston's New Model 11 processing machine for 16 mm. film solves a major problem. It is now possible for every bank to process its own microfilm within its own walls with minimum expense and maximum speed, accuracy and privacy. Houston's New Model 11 Film Processor has eliminated the necessity of sending microfilm to outside concerns for processing with its attendant delays in transit, possible damage or loss, and "service station" charges.

Houston's New Model 11 Film Processor does the complete job from camera to screen with each processing step under automatic control for uniform quality results.

Banking institutions already using microfilm will welcome Houston's New Model 11 Film Processor as an integral part of their business.

*Write today for illustrated folder and prices.*

**THE HOUSTON CORPORATION**  
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**Houston**

*"TOMORROW'S PROCESSING METHODS TODAY."*

## MAIN STREET—Continued

to give up his duties. HOMER J. LIVINGSTON, who has been a counsel of the bank, was elected vice-president, and moves from the law department to the banking department. In addition, RAYMOND H. BECKER, CLARENCE W. WELDON, WM. W. O'BRIEN, and ROBERT G. COLLINS were promoted from assistant vice-presidents to vice-presidents. ELMER E. SCHMUS, a vice-president, was elected vice-president and cashier, replacing the late cashier, EMIL A. STAKE in December. Other promotions were: LESLIE H. DREYER and NORMAN G. STOCKDALE, and JOHN H. WEEDON, to assistant vice-presidencies. New officers elected: CHARLES E. BRANDRIFF, assistant trust officer, EDWARD W. BURKILL, assistant attorney, WALTER F. CLOW, assistant manager, real estate department, KENNETH G. MORTON, assistant secretary, OTTO W. FOELL, ARTHUR F. FRITZ, HERBERT G. HEDIN, and PAUL E. NORDSTROM, assistant cashiers.

Promotion of MERVYN E. BOYLE from cashier to vice-president and cashier has been announced by the Farmers Deposit National Bank of Pittsburgh. WILLIAM L. DAVIDSON, WILLIS E. DUFF, WILLIAM A. KORB and W. HOWARD MARTIE were made assistant cashiers.



Mr. Zarker



Mr. Freese

HAROLD E. ZARKER has been elected vice-president and treasurer of the First Bank and Trust Company of Perth Amboy, New Jersey. Mr. ZARKER is on the faculty of The Graduate School of Banking, lecturing on commercial banking.

FREDERICK J. FREESE, assistant vice-president of The Bank of the Manhattan Company, New York, has been appointed executive officer in charge of the bank's uptown division.

Three new directors have been added to the board of the North Side Bank of Omaha, Nebraska—C. D. SAUNDERS, F. W. THOMAS and JOHN LAURITZEN.

E. J. FITHIAN was advanced from the presidency to the board chairmanship of the Grove City National Bank, of Grove City, Pennsylvania, E. B. HARSHAW, formerly vice-president and cashier, was elected president; C. G.

HARSHAW was elected vice-president; and J. S. ARMSTRONG, formerly assistant cashier and trust officer, to cashier and trust officer.

LEIGHTON HOUGH has been elected assistant vice-president of the First National Bank of Oshkosh, Wisconsin.

IVAN E. BROWN, has joined the consumers' finance department staff of the American National Bank of Nashville, Tennessee. EDWIN CRUTCHER, president of the Golden Art Hosiery Company, has been made a director of the bank.

HARRY J. HAAS, who retired recently as vice-president and director, First National Bank of Philadelphia and a past president of the American Bankers Association, now heads a business and investment counsel partnership, known as Harry J. Haas and Associates, with headquarters in Philadelphia.

ARCH W. ANDERSON has been made chairman of the board of California Bank, a new post. He was succeeded in the presidency of the Los Angeles institution by FRANK L. KING, formerly executive vice-president. Mr. ANDERSON became president of the bank in 1939. He was previously with the Continental Illinois National Bank of Chicago.

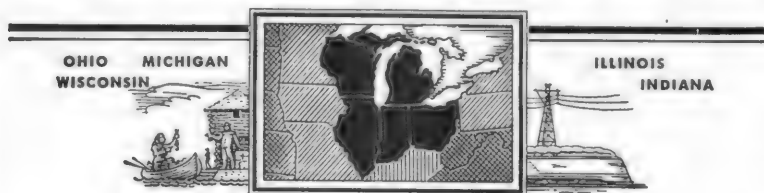
MILTON K. REVILL, vice-president of Union Planters National Bank and Trust Company, Memphis, on leave with the Navy, has been promoted from commander to captain.

ELBERT LAND, H. E. ROBERTS and JOHN E. BROWN, who have been assistant vice-presidents of the bank, were recently made vice-presidents. P. B. TROTTER, JR., W. H. GATCHELL, and A. L. HUDDLESTON were advanced from assistant cashiers to assistant vice-presidents. A. H. SOMMERS was made an assistant cashier.

HUGH J. WALKER has been promoted from comptroller to cashier of the United States National Bank of Portland, Oregon.

The City National Bank and Trust Company of Chicago has added ELMER T. STEVENS, president of Chas. A. Stevens and Company retail store, to its board.

HARRY E. DANNER is now cashier of the Upper Darby (Pennsylvania) National Bank. He is a graduate of the Graduate School of Banking, 1943.



### PROVIDING INVESTMENT CAPITAL

## To The East North Central States

**F**AVORED by a prehistoric ice-cap which scooped out their lakes, deposited their rich top-soil, and made more readily available their extensive mineral resources, the East North Central States have become the center of the nation's transportation system and one of its foremost industrial and agricultural regions.

Though widely traversed by early explorers, this section's major development covers little more than the past century. Its rapid growth in population and resources during the

last fifty years has naturally called for large capital outlays—well beyond the accumulated reserves in so new an area.

In assisting in the financing of this area, Halsey, Stuart & Co. Inc. has made an important contribution to its exceptional progress and has likewise opened channels for conservative investment of surplus funds. This organization has participated as an original underwriter in over 1000 bond issues, totaling over \$4½ billions, of municipalities and corporations in the East North Central States.

## HALSEY, STUART & CO. Inc.

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AND OTHER PRINCIPAL CITIES



**f**or prompt, careful attention to the  
day-by-day service you expect from  
your New York correspondent . . .

**f**or cooperation on your investment  
portfolio . . .

**f**or out-of-the-ordinary attention to  
out-of-the-ordinary problems . . .



**CENTRAL HANOVER  
BANK AND TRUST COMPANY  
NEW YORK**

Member Federal Deposit Insurance Corporation

# The Skill of Leadership

What should be done when a worker reports (erroneously) that his supervisor is "picking on him"? What about the bookkeeper who "can't get along with" the other members of the department? How should one handle the case of the senior employee who—perhaps deliberately—refuses to sign the departmental time sheet? Suppose a group of old-timers wants promotion to a vacancy for which none is qualified, and they get "sore" about it?

An impression that job relations training aims "to give stock answers to personnel questions or problems" would be erro-

neous; rather, its purpose is "to develop a skill"—the skill of leadership. It stresses first "The foundations for good relations"—basic principles, the application of which prevents problems from arising. Some of the problems mentioned above, for instance, would never have developed had good foundations been applied from the beginning. Job relations training drills toward skill in handling them when they do arise.

WHEN the use of the job relations program in the banks in Minne-

neapolis was first discussed there was considerable uncertainty regarding its value. The banks had already given some consideration to a supervisory training program and the language of this job relations program was unfamiliar in banking. But a closer study of the principles presented in this program indicated that some really valuable contributions could be made to supervisory training in the banks here. Several groups of managers and supervisors were organized under the leadership of the Minneapolis Chapter, American Institute of Banking, and the training sessions were completed.

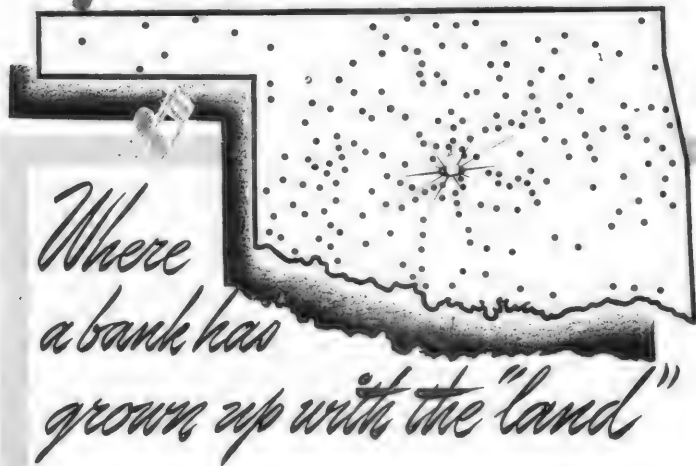
In our bank we felt that the program was of substantial value. Not only was it well received and liked by the managers and supervisors themselves, but it was also a very practical tool which could be used in their everyday handling of supervisory problems.

I AM reminded of one of our managers who was formerly very quick and arbitrary in his decisions. In the cases of two girls within his department, who were very friendly with each other, he made two quite inconsistent decisions regarding some excused absence—one in connection with a husband in military service and home on furlough and the other in connection with a short leave of absence to enable a girl to visit her husband briefly at the point of his embarkation for foreign service—resulting in the resignation of one of the girls and the loss to the bank and to his department of a valuable clerk. The basis of his inconsistency was his lack of facts.

Since the completion of the job relations sessions, I have been impressed repeatedly with this manager's careful investigation of all the facts and of his effort to have knowledge of the whole situation before taking any action! Good supervisory relationships are based upon the sum total of all such action.

In accordance with one of the principles of the job relations program, we have checked the results of these training sessions and their influence upon our managers and supervisors. We are convinced that there is a place for this program in any plan of developing and training supervisors and managers. The men and women in our bank who have taken "job relations" are unanimous in their approval of the program and of the benefits which have accrued to them personally in the handling of their supervisory problems.

ALAN B. MOORE, Assistant Cashier  
First National Bank of Minneapolis



Two hundred and fifty-one of the 382 banks in the state of Oklahoma—65.7%—are correspondents of the First National of Oklahoma City. These figures tell a story of 56 years of service to banks and to business—both in and outside of the state.

Always vitally interested in the development of the trade area which Oklahoma City serves as commercial headquarters, this bank maintains contacts which are often helpful to business and industrial concerns throughout the country who are interested in Oklahoma. Write if there is any information or other assistance you would like to have.



**FIRST NATIONAL BANK**  
AND TRUST COMPANY  
OF OKLAHOMA CITY

OKLAHOMA'S OLDEST AND LARGEST  
Total Resources, Dec. 30, 1944—\$166,954,206.47

# Government Corporations

OF THE corporations owned wholly or partially by the Government, certain of them were created strictly for war purposes. A number of others of a commercial character, however, were created before the war. These total 20 in number, but represent 76 different institutions. The great majority of these were organized in a deflated economy that existed in the early 1930s. (See "The Control of Government Corporations," page 35.)

In many of these corporations where there is mixed ownership (government and private), the use of free government capital has become an integral and necessary part of a plan to absorb the credit losses of these institutions that compete with private business. Their free capital status which has become definitely objectionable to private business has long been of some concern to the Treasury.

The Secretary of the Treasury on February 10, 1940 sent the President of the Senate, along with financial statement of certain government agencies in response to Senate Resolution 150, 76th Congress, Senate Document 172, part one, page 1X, the following statement with reference to government corporations organized "for the transaction of public business of a commercial character."

"Except in a few instances the Treasury receives no dividends on the stock it holds, nor is it in any other way reimbursed for the cost of the money which it makes available to the corporations through the purchase of their capital stock. . . .

"Consideration might be given to the adoption of a uniform policy with respect to the payment of dividends or otherwise reimbursing the Federal Treasury for the use of public money. Reimbursement might be made on the basis of the average daily balances of capital funds furnished by the Treasury (after deducting unexpended balances with the Treasurer of the United States), computed on the basis of the average interest rate on interest-bearing debt of the United States outstanding, subject to such adjustments as the Secretary of the Treasury may determine to be equitable."

## Corporations' Status on December 31, 1941

|                                                                    | Number | U. S. Owned<br>Capital Stock<br>Paid-in Surplus | Borrowing<br>Power         | Outstanding<br>Obligations |
|--------------------------------------------------------------------|--------|-------------------------------------------------|----------------------------|----------------------------|
| Banks for Cooperatives (central bank and district banks) . . . . . | 13     | \$ 177,000,000                                  | 1                          | \$ 66,028,178              |
| Commodity Credit Corporation . . . . .                             | 1      | 100,000,000                                     |                            |                            |
|                                                                    |        | 143,950,524*                                    | \$ 3,000,000,000           | 2,078,607,425              |
| Disaster Loan Corporation . . . . .                                | 1      | 24,000,000                                      | None                       |                            |
| Export-Import Bank of Washington . . . . .                         | 1      | 175,000,000                                     | 700,000,000                |                            |
| Federal Farm Mortgage Corporation . . . . .                        | 1      | 100,000,000                                     | 2,000,000,000              | 276,834,200                |
| Federal Home Loan Banks . . . . .                                  | 12     | 124,741,000                                     | 942,730,000 <sup>1</sup>   | 66,505,000                 |
| Federal Intermediate Credit Banks . . . . .                        | 12     | 60,000,000                                      | 904,490,000 <sup>1</sup>   | 279,610,000                |
| Federal Land Banks . . . . .                                       | 12     | 118,941,120                                     |                            |                            |
|                                                                    |        | 123,874,406*                                    | 9,201,737,000 <sup>1</sup> | 934,388,151                |
| Federal National Mortgage Association . . . . .                    | 1      | 10,000,000                                      |                            |                            |
|                                                                    |        | 1,000,000*                                      | 289,380,000 <sup>1</sup>   | 38,708,103                 |
| Federal Public Housing Authority . . . . .                         | 1      | 1,000,000                                       |                            |                            |
|                                                                    |        | 114,830,708*                                    | 800,000,000                | 398,128,000                |
| Home Owners' Loan Corporation . . . . .                            | 1      | 200,000,000                                     | 4,750,000,000              | 1,200,441,625              |
| Inland Waterways Corporation . . . . .                             |        |                                                 |                            |                            |
| Includes statistics for Warrior River Terminal Co. . . . .         | 1      | 12,000,000                                      |                            |                            |
|                                                                    |        | 10,460,757*                                     | 6,099,000 <sup>2</sup>     |                            |
| Panama Railroad Co. . . . .                                        | 1      | 7,000,000                                       |                            |                            |
| Production Credit Corporations . . . . .                           | 12     | 115,000,000                                     | None                       |                            |
| Reconstruction Finance Corporation . . . . .                       | 1      | 325,000,000                                     | 17,030,244,000             | 9,205,966,124              |
| Reconstruction Finance Corporation Mortgage Company . . . . .      | 1      | 25,000,000                                      | 100,000,000                | 86,745,204                 |
| Regional Agricultural Credit Corporation of Washington . . . . .   | 1      | 5,000,000                                       |                            |                            |
|                                                                    |        | 21,221,757*                                     | 3                          |                            |
| Smaller War Plants Corporation . . . . .                           | 1      | 150,000,000                                     | None                       |                            |
| Tennessee Valley Associated Cooperatives, Inc. . . . .             | 1      | 1,000                                           |                            |                            |
|                                                                    |        | 299,000*                                        | Usual Corporate            |                            |
| U. S. Housing Corporation . . . . .                                | 1      | 66,500,000                                      | None                       |                            |
|                                                                    | 76     |                                                 |                            |                            |
| TOTALS—U. S. Capital Stock . . . . .                               |        | \$1,796,183,120                                 |                            |                            |
| U. S. Paid-in Surplus . . . . .                                    |        | 415,637,152                                     | \$39,724,880,000           | \$14,631,962,010           |
|                                                                    |        | \$2,211,820,272                                 |                            |                            |

\* Paid-in Surplus.

<sup>1</sup> Borrowing power related to amount of capital paid in by Government.

<sup>2</sup> Various limitations on borrowing power.

<sup>3</sup> Can discount or borrow from RFC, Intermediate Credit Bank and other regional corporations with approval of Governor of FCA.

April 1945



## MONEY FOR TOMORROW

Whatever else the end of the war may bring to Business and Industry it is sure to mean sweeping changes in corporate operation. In some instances, these changes may include total reconversion or extensive reorganization, in others preparation for the production and marketing of new products.

In any case, Peace is likely to call for new financing and the services of an experienced and able underwriting organization.

Ever since 1888, the firm of Hornblower & Weeks has been serving American enterprise. Our Underwriting Department is ready to continue to serve. We invite you to inquire of a Partner at the nearest Hornblower & Weeks office. Your inquiry will be held in confidence and involves no obligation.

## HORNBLOWER & WEEKS

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Since 1888—Financial Service  
Adapted to Your Requirements

### Offices:

New York; Boston; Chicago;  
Cleveland; Philadelphia; Detroit;  
Portland, Me.; Providence;  
Baltimore; Bangor.



## This Man's Future is in your hands!

● This man has a big, important war job right now. He is fighting "the battle for food," and doing it well in the face of serious shortages of labor and farm equipment. There is a big postwar job outlined for him, too. He must continue to feed America, and help feed the war-torn nations across the seas.

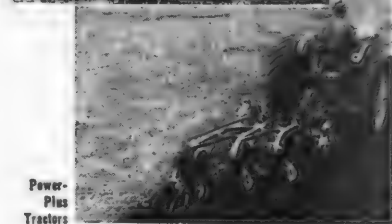
To meet this responsibility the farmer needs the continued help of a progressive implement dealer—one who can provide modern, improved implements that cut production costs by saving time, labor, crops and money.

Both the farmer and the dealer will need, more than ever, the co-operation of a progressive banker . . . and all three will share in the farm prosperity which they help create.

Modern cost-cutting farm machinery is the farmers' strongest defense against fluctuations in labor supply and crop prices. May we suggest that you work closely with your Massey-Harris dealer to provide your farmers with new and more efficient Massey-Harris farm equipment.



7-Foot  
Self-  
Propelled  
Clipper



Power-  
Plus  
Tractors

# MASSEY- HARRIS

Tractors, Combines, Farm Implements

GENERAL OFFICES: RACINE, WISCONSIN  
FACTORIES: RACINE, WIS., BATAVIA, N. Y.

## Credit for Small Business

SINCE its first meeting in July 1944, the Post-War Small Business Credit Commission of the American Bankers Association has taken important steps to promote its objective of bank credit for every competent man after the war. A progress report, issued last month, details the action taken on the Commission's plan. The report is made by Robert M. Hanes, chairman of the Commission, and president of the Wachovia Bank and Trust Company, Winston-Salem, North Carolina.

Special post-war credit committees, Mr. Hanes says, have already been appointed by 25 state associations and 30 states have some form of organized post-war small business credit program.

The Commission's five-point plan of action, and the results achieved thus far, are summarized as follows:

(1) *Applying the term loan principle to the needs of small business.* The characteristics and application of this useful lending technique have been thoroughly explained and demonstrated by experienced bankers at regional meetings and at scores of other meetings sponsored by state and local bankers associations. A manual on term loans is being prepared for distribution.

In addition, consumer credit, field warehousing, accounts receivable, and other forms of financing have been carefully considered. Explanatory booklets and other material will be made available from time to time to guide banks entering these important fields.

(2) *Establishment of small business loan departments in banks having a volume sufficiently large to justify such segregation.* Despite manpower handicaps, much progress has been made by establishing departments and in small institutions by designating certain officers to devote their entire time and attention to the credit problems of small business. These departments have become symbols of banking's determination to provide adequate credit for all.

(3) *Expansion of existing correspondent relationships facilitating the extension of credit by smaller banks with assistance from their correspondents.* The operation of this program has had a revitalizing effect on the correspondent banking system. Banks in the larger cities have held meetings for many of their correspondents. These have given the country banks an opportunity to obtain information regarding the policies of the correspondent banks and the scope of their services. Too, these meetings have

provided forums for the exchange of ideas regarding effective ways in which banks can work together. Country banks have expressed a desire to reach a mutual understanding regarding the opportunities and responsibilities involved in correspondent bank relationships.

(4) *Formation of voluntary bank credit groups when and where local banks feel the need of implementing and augmenting existing sources of credit.*

Already groups in 26 different regions have been formed, 23 having aggregate credit reservoirs of approximately \$500,000,000. Of the four remaining groups, two are statewide in character and are still adding participating banks, and therefore have not yet reached their final figures. The other two are built around clearinghouses and employ the group method as far as operation procedure is concerned but have not earmarked special funds for group use, relying upon the resources of the member banks. The funds and facilities of all these bank credit groups are now ready for action in the realm of post-war small business enterprise.

Groups are being organized in many other districts. It is expected that through the creation of credit groups throughout the country, chartered banking will provide a third source of bank credit for use in the post-war period far in excess of \$600,000,000.

There are four types of groups: nationwide; regional, covering a trade area; statewide; and local, for community use.

(5) *A comprehensive program of education and publicity for bankers and the public.* The story of banking's credit policy and program has caught the attention of the public.

(CONTINUED ON PAGE 104)

Fred M. Vinson, recently appointed as the new Federal Loan Administrator



HARRIS & EDWARDS  
BANKING





# TENSION Designed ENVELOPES *attract Attention!*

Tension maintains a staff of creative artists who are specialists in the creation and designing of distinctive envelopes. In style, type, color and design they should be characteristic of your business, and convey your message effectively. The space on your envelope utilized to the fullest advantage affords you an invaluable advertising medium at no additional cost. Sketches and samples of what

has been done for others submitted without obligation on your part. With a background of 60 years of experience, TENSION KNOWS HOW to design envelopes that attract and create an excellent impression.



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\*DES MOINES 14, IOWA, 1912 Grand Ave.

\*ST. LOUIS 3, MO., 23rd & Locust Sts.

\*KANSAS CITY 8, MO., 19th & Campbell Sts.

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...yes, after *only 15 minutes instruction* on a Friden Fully Automatic Calculator anyone in your office can become an Expert on your own Figure Work Problems. Contact your local Friden Representative for complete information regarding these *easy to operate* Calculators which are AVAILABLE, when applications for delivery have been approved by the War Production Board.

*Friden Mechanical and Instructional Service is available in approximately 250 Company Controlled Sales Agencies throughout the United States and Canada.*

# FRIDEN

**FRIDEN CALCULATING MACHINE CO., INC.**

HOME OFFICE AND PLANT • SAN LEANDRO, CALIFORNIA, U.S.A. • SALES AND SERVICE THROUGHOUT THE WORLD

## SMALL BUSINESS—Continued

tention and imagination of the public. It received front page attention in papers throughout the country and was the subject of editorial commendation by thoughtful writers. Columnists and commentators and writers in national magazines and editors of trade journals all recognized the broad significance of this movement.

Advertisements, speech material and publicity stores were made available to the banks. A comprehensive and carefully coordinated program of public relations activity is ready for use at the beginnings of the reconversion period.

The Commission has had the wholehearted cooperation of leaders in industrial and merchants associations, chambers of commerce, and similar organizations. It has received the endorsement of organized small business.

IN addition to the five-point program, the Commission is making surveys of the post-war needs for bank credit, especially for small business. Related to this is record-keeping of loans made and applications rejected, together with the reasons for such rejections.

The Commission's post-war banking program is being discussed with examining authorities, state and Federal, and they are being informed of banking's credit activities.

The future plans of the Commission are stated at the conclusion of the progress report, which says:

"The Commission will continue the program which has proved so effective since last July. It will go forward with its five-point plan of action and will seek to fulfill its other objectives. It will proceed with research into the credit problems of small business and will continue to prepare manuals and other educational material on every phase of lending.

"Much of the work of the Commission in the near future will probably take place in Washington and will involve a forthright statement and a convincing demonstration of banking's ability and desire to meet the credit needs of private enterprise in the post-war period—and to meet them without government guaranty, government insurance, or government competition.

"The 15,000 banks of the nation through the Commission have made a solemn pledge to the American people that adequate credit will be available for every competent person and corporation in the reconversion period and in the days that follow victory. That pledge must be kept."

# The Bank Played the Game

(CONTINUED FROM PAGE 46)

his desk and picked up in its place an identical envelope filled with newspaper clippings cut to the size of regular currency. As Fred turned back he was already handing the envelope to Bolling, who took it and at once licked the flap and sealed it shut. Then he put it in his pocket.

The deception was complete. Fred was certain that the long envelope in Bolling's pocket contained the \$6,600 he had seen counted out in the bank. Why, he had seen the bank manager put it in the envelope himself, and hand it to Bolling.

Outside the bank the men rejoined their companions and went back to the hotel. With the others watching him, Bolling turned the envelope over to the desk clerk who ceremoniously, almost reverently, put it in the hotel safe. It felt as if it contained an awful lot of money. Then the men went back to Room 1008.

After that there was a long wait until finally Tito walked in with a brown package under his arm. Inside this brown package were smaller packages. Turning them over to the agents, the counterfeiters insisted they should be allowed to go and get the money from the hotel safe at once, but Bolling demurred.

"We've got to have a look at these bills first," he said.



He tore open one of the packages and began counting: "Ten, twenty, thirty, forty . . ."

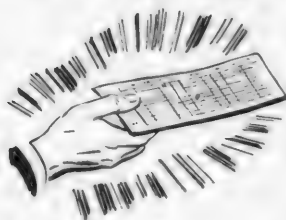
This was the signal for the arrest. Agents posted outside the room came in and took the crestfallen counterfeiters flat-footed.

"What a break!" Tony lamented bitterly. "If only I coulda got that money out of the safe before these guys hadda show up!"

But Bolling reserved his comment for Mr. S. of the Security National.

"It was nice work!" he said. "That switch of the envelopes was fine—\$30,000 in counterfeits for a bunch of newspaper clippings isn't bad at all. With the bank to help us out, we'd make pretty good confidence men ourselves!"

## For Quicker Refund...



**1.** When selling American Express Travelers Cheques, the salesperson should detach the record form at the back of the wallet, hand it to the customer, and ask him to fill in the serial numbers of the cheques immediately.

**2.** This record form should be carried apart from the wallet. It's important that the customer enter the date on which each cheque is spent, on this form. Then if anything happens...



**3.** "My wallet's been stolen! With \$300 in travelers cheques! I'd better call the nearest American Express Office, as the bank teller said to do..."

**4.** "It's a good thing that you had a separate record of the cheques. It helps us in speeding up the refund to you."

WITH more people traveling than ever before, you have a golden opportunity to create good will for your bank with American Express Travelers Cheques. For information or advertising material, write W. H. Stetser, Vice-President, American Express Co., 65 Broadway, New York 6, N. Y.

**American Express**  
TRAVELERS CHEQUES

Banks throughout the United States are cordially invited to use the complete facilities of our Foreign Department on current transactions, and to discuss with us plans for future business.

**MANUFACTURERS TRUST COMPANY**

PRINCIPAL OFFICE: 35 BROAD STREET, NEW YORK 10, N. Y.

Member Federal Reserve Bank of New York



...yes, after *only 15 minutes instruction* on a Friden Fully Automatic Calculator anyone in your office can become an Expert on your own Figure Work Problems. Contact your local Friden Representative for complete information regarding these *easy to operate* Calculators which are AVAILABLE, when applications for delivery have been approved by the War Production Board.

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**American Express**  
TRAVELERS CHEQUES

Banks throughout the United States are cordially invited to use the complete facilities of our Foreign Department on current transactions, and to discuss with us plans for future business.

**MANUFACTURERS TRUST COMPANY**

PRINCIPAL OFFICE: 35 BROAD STREET, NEW YORK 10, N. Y.

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# H.C.\* doubled Johnson's production!

**1** When a new customer gave Johnson's mill its biggest order, his cash was tied up in surplus raw material. And the order called for 30 day delivery!

**2** How could he meet the immediate huge step-up in production expenses? Suddenly he had the answer. Inventory is hidden credit... could he field warehouse right on his premises!

**3** The Lawrence Warehouse Company issued a field warehouse receipt on his stock inventory. On this security Johnson's bank loaned him the money, he kept his date... and doubled his business!

**YOU** can field warehouse any marketable commodity of yours—from cotton to canned goods, from concrete to chemicals—through the 30 year old Lawrence Warehouse Company. And the cash it represents is freed for current expenditures! Almost any bank will gladly grant a loan

on your Lawrence Warehouse receipt...and the inventory remains on your premises. Banks welcome this Lawrence System service. Ask your banker to explain it to you...or get in touch with your nearest Lawrence branch. Without obligation, and entirely confidential, of course.

## LAWRENCE WAREHOUSE COMPANY

*Field Warehousing*

FOR BANK LOANS AGAINST INVENTORY



New York: 72 Wall Street • Chicago: 1 N. La Salle Street • San Francisco: 27 Drumm Street  
Los Angeles: 100 S. Broadway • Buffalo: 100 Main Street • Cincinnati: 100 Main Street  
Kansas City: 100 Main Street • St. Louis: 100 Main Street • New Orleans: 100 Main Street  
Denver: 100 Main Street • Fresno, California: 100 Main Street • Portland, Oregon: 100 Main Street

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- PEANUT JOURNAL AND NUT WORLD
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- OIL AND GAS JOURNAL
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- WHOLESALE GROCERY NEWS
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**THE "HIDDEN CREDIT"** which Lawrence calls to the attention of your customers is *hidden collateral for your bank*. Ask any Lawrence office about this good, safe source of extra commodity loan business.



## LAWRENCE WAREHOUSE COMPANY

FIELD WAREHOUSING FOR BANK LOANS AGAINST INVENTORY

# AN INQUIRY into the NATURE & POTENTIALITIES of BANKS in Relation to RECONVERSION & SMALL BUSINESS, —or Briefly, How to Beat Old Man Overhead . . .

by a Country Merchant

THERE is a lot of hullabaloo in the newspapers as well as a lot of political talk about reconversion and the future of small business.

One would be led to believe that the banks had always been tough and hard-boiled in regard to loans to small business—moreover, were so tough that while the small business men were struggling night and day the banker sat smug and the first day a note was due, if the little fellow didn't come across, he was shot on the spot.

One has only to look over the profit and loss account of any bank and he will find an enormous amount charged off during the past dozen years. Indeed, if any manufacturer or retailer, doing large or small business, had as soft a credit manager as the banker has been, he would either have fired said credit man or gone bust.

Big business or small business is exactly the same in many respects: A corporation is formed, the capital stock is the first item on the liability side before any business is done. As business gets on the move there is just one great consideration and that is: beat "Old Man Overhead." He gets up early in the morning, before the doors open, and every single hour and day he is on the job. The game is to get the best of him.

A cost system is the very first thing to figure theoretically, the problem being direct and indirect costs and volume related to overhead, and an added margin.

If the Government wishes to subsidize business, it will soon insist on controlling its every move. Moreover, the directives will be tougher than anyone dared to think. Not only that, but it uses the "people's money" and means more taxes, more bonds or printed money and when either is carried to excess, it will raise hell with the national economy and in time blow up with a

bigger bust than the Coolidge balloon.

Another thing which has always happened since the beginning of history is that the hand-kissers and not the common man, get the help. There is an old saying, "God helps those that help themselves." This would be changed to "To hell with those that help themselves. A dictator is the only one who knows what's good for you." This is not new; indeed, it is as old as history; those in favor received the handouts. That was the rule with the Mandarins, the Pharaohs, the Caesars, Czars, dukes, lords, emperors and rulers of all kinds; and we of this good old republic of the United States of America, the land of liberty and justice for all, would hate most awfully to have to get on our knees to an administration to borrow a dollar or get some of the people's money as a handout.

What the small business man needs is more business education as to system and costs. The banks will make him a loan, if he is all right—indeed, they are as hungry to make loans as the grocer is to sell groceries, but the money is the

depositors' and the banker should be as careful of it as if it were his own.

SPEAKING of costs puts me in mind of a story. Some 50 years ago there was the old gang you could find any evening sitting in the back shop of the corner grocer, talking over the daily gossip and smoking their pipes or spitting tobacco juice in the sand under and around the salamander stove. Bill says, "I wish I could get a job; I been loafing a month now."

Old Zeke says, "Why don't yer go peddlin' fish—old Jones died three weeks ago and I haint had fish since. Jones peddled a long while and I heerd that old cuss made a hundred per cent on them fish. He always got along and I bet he paid his grocery bill. Hey, Jim (to the boy behind the counter) did he ever stick yer?"

"No," said Jim, "never."

"Well," said Bill, "I haint got any cart nor hoss. I got a little dough saved up and p'raps that's a good idee, but what'll I do about a hoss 'n cart, I haint got money enough for that."

Zeke says "I was comin' by old Jones' house this afternoon and saw the cart in the shed and it's been right there since old Jones died. Why don't you go see the widder, p'raps you can hire it."

Well, Bill did go see the widow and hired the "hoss 'n cart" for five bucks a day. The next morning he harnessed the horse and, full of hope, drove down to the wharf and bought \$5 worth of cod, haddock and a good hunk of halibut and a bucket of clams and started over the old route. He marked up his cuts 100 per cent as Zeke told him and by early afternoon he had sold out clean, drove home and counted his change. Yes, he had 10 bucks and commenced to think, where's that hundred per cent? Cart and horse \$5, fish \$5, and he had \$10. He discovered "Old Man Overhead" took all the profit.

Well, he thought and thought and

"We're expecting Parmelee back from the Army and we want him to feel at home"



finally concluded that perhaps the people on the route didn't know there was any one on the job. Then he happened to remember an old fish horn up in the attic. So he started out next morning and did the same thing—\$5 for the cart, \$5 for the fish. As soon as he got on his route he blew his horn, advertising, and the old gals were out to the gate as he approached and he was sold out by 10 o'clock. Back he drives to the wharf and gets another load and started on his route where he left off and the old fish horn brought out the customers. He was home by 1 o'clock, sold out. Counting up he had spent \$5 for the horse and cart, \$10 for the fish, sold his fish for \$20 and finds instead of the 10 bucks he started out with, he had 15. He kept this up, took on all he could get in the fish

cart, and had learned something about overhead.

He had beat it all right and one day he asked the Widow Jones what she would take for the horse and cart. She said \$200. Well, he had saved up a hundred, and was on the job every day, so he went down to the bank—and did he get the hundred? You bet he did! He had figured what his interest would cost him, laid his cards on the table, got his money and bought the outfit. The banker knew he was all straight and in good health and was glad to take his note. He didn't have to give fish to the banker or kiss his hand.

This can be applied to any small business. This Bill did what thousands have done—started small; and when changes came he hired a shop and started a

market and through industry and integrity and an intimate knowledge of his costs and overhead, became a successful merchant by adding other lines.

Is the small manufacturer different? No. He must know his business and beat the overhead. The trouble with most small business is not money, it is a knowledge of costs and the ability to sell at a profit *above* those costs. Most of those whose names have disappeared from Dun & Bradstreet in the last 40 years had a wrong slant on costs.

I KNOW of a dozen concerns in a certain line of manufacture that undertook the building up of a business by selling below the market, thinking they would get into public favor that way, and then, when volume came, they would get the profit. I know one man who started manufacturing a certain line and sold on this theory and another man in the same line who started the same month and got the highest current price in the industry. They both built up quite a volume, starting with small capital. The fellow who made his articles with scrupulous care and got his price in 10 years had a capital of \$300,000, while the other fellow who tried cutting all the corners and selling under the market in the same 10 years, lost his capital and stuck his bankers a goodly sum.

One knew his costs and his "Old Man Overhead"; the other was a corking good mechanic but poor at figures and wasn't sure of his costs. Neither did he systematize them, and he just slipped, hoping always for a better day.

Taxes in those old days were not the same. Indeed, there was no United States tax and the young man with knowledge and industry could pay a simple dividend and build up his capital out of the surplus, i.e., what is now

## GENERAL AMERICAN LIFE INSURANCE COMPANY

WALTER W. HEAD, PRESIDENT

St. Louis 3, Missouri

### Financial Statement

December 31, 1944

#### ASSETS

|                                                                                     |                  |
|-------------------------------------------------------------------------------------|------------------|
| CASH ON HAND AND IN BANKS                                                           | \$ 7,783,883.34  |
| BONDS—                                                                              |                  |
| ① U. S. Government                                                                  | 46,875,928.08    |
| ② Other Bonds                                                                       | 5,313,153.27     |
| CASH AND BONDS                                                                      | \$ 59,972,964.69 |
| FIRST MORTGAGE LOANS ON REAL ESTATE                                                 | 45,210,987.17    |
| F. H. A. Loans Insured by U. S. Government                                          | \$21,500,197.73  |
| Other First Mortgage Loans                                                          | 23,710,789.44    |
| HOME OFFICE BUILDING                                                                | 860,000.00       |
| OTHER REAL ESTATE                                                                   | 7,772,062.87     |
| REAL ESTATE SALES CONTRACTS                                                         | 206,057.26       |
| STOCKS                                                                              | 1,113,521.53     |
| INTEREST AND RENTS ON INVESTMENTS ACCRUED BUT NOT YET DUE                           | 683,523.47       |
| INTEREST AND RENTS DUE ON INVESTMENTS (None of which is paid due more than 90 days) | 166,522.57       |
| OTHER ASSETS, PRINCIPALLY NET PREMIUMS IN COURSE OF COLLECTION                      | 1,891,264.85     |
| ③ BALANCE OF INITIAL POLICY LIENS                                                   | 2,772,878.00     |
| LOANS TO POLICYHOLDERS                                                              | 19,242,441.88    |
| ④ TOTAL ASSETS                                                                      | \$139,892,224.29 |

#### LIABILITIES

|                                                                                                             |                  |
|-------------------------------------------------------------------------------------------------------------|------------------|
| ⑤ POLICY RESERVES                                                                                           | \$128,317,978.06 |
| PREMIUMS AND INTEREST PAID IN ADVANCE                                                                       | 811,983.52       |
| RESERVE FOR TAXES                                                                                           | 998,800.64       |
| ESCROW FUNDS (Deposited by mortgagors for payment of taxes and expenses)                                    | 281,910.15       |
| RESERVE FOR ACCOUNTS NOT YET DUE                                                                            | 534,059.75       |
| POLICYHOLDERS' DIVIDENDS                                                                                    | 1,666,990.62     |
| TOTAL                                                                                                       | \$132,611,722.74 |
| PORTION OF CURRENT YEAR'S EARNINGS AVAILABLE FOR FUTURE DIVIDEND DECLARATION TO PARTICIPATING POLICYHOLDERS | 696,193.00       |
| CONTINGENCY RESERVE                                                                                         | 4,273,173.30     |
| Under Purchase Agreement                                                                                    | \$ 2,888,708.30  |
| For Group Insurance                                                                                         | 934,465.00       |
| Other                                                                                                       | 450,000.00       |
| CAPITAL STOCK AND GUARANTY FUND                                                                             | 500,000.00       |
| SURPLUS                                                                                                     | 1,811,135.25     |
| ⑥ TOTAL LIABILITIES                                                                                         | \$139,892,224.29 |

- ① Actual Market Value of Bonds is more than \$1,197,000 in excess of the amounts shown above.  
 ② Does not include liens totaling \$573,050 which have been discharged by payments in cash or credit by policyholders, nor \$74,502.27 liens on dividends on deposit, both of which items will share in future lien reductions.  
 ③ Includes assets in "Old Company Account" established under Purchase Agreement dated September 7, 1933, on file with the Superintendent of the Insurance Department of the State of Missouri, (copy of which agreement may be obtained from him or the company), against which the Superintendent reserved a lien to protect certain liabilities therein described and fully included among the liabilities in this statement. Status of Old Company Account on file with the Superintendent and with the company.  
 ④ Full net legal reserves on policies issued by General American Life are secured by deposit of approved securities with the Superintendent of the Insurance Department of the State of Missouri. The capital stock, guaranty fund, and surplus are additional protection to all policyholders.

A detailed report of the company's financial condition and bond holdings may be secured upon request. Address inquiries: Publicity Department,—Section N.

\* \* \*  
**MULTIPLE LINES:** Participating • Non-Participating • Salary Savings • Juvenile Sub-Standard • Annuities • Commercial Accident and Health and Hospitalization Group Life • Wholesale Insurance • Group Accident and Sickness • Group Accidental Death and Dismemberment • Employee and Dependents Group Hospitalization with Surgical Procedure benefits.

"I can't see any sense studying arithmetic . . . by the time I grow up they'll have a simplified income tax form"





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called "excess profits," of which Uncle Sam takes the bulk.

If the Government wants to help the small business man, the real way is to cut out the heavy taxes and teach him what is good business instead of telling him, "Go to it, and if you can't get a profit, we will make up a subsidy to fill the hole with the people's money."

From some of the starry-eyed bureaucrats one would think the people just buy; on the other hand the fact is that one must sell. An old saying is that some men cannot sell a gold dollar for 50 cents while others can sell a 50-cent piece for a dollar. Where would that subsidy come in in such a case?

I say create a sentiment in favor of business and use methods to help it instead of constantly strafing it by word, deed, and taxes. Use the Government's power to stop the crooks in business as a matter of course, just the same as any other crooks. Stop making the multitude think every banker and business man is some kind of bad man.

I have worked at the bench, been a foreman, office man, manufacturer, and small banker. I have worked beside all kinds and have found good, bad, and indifferent in all stages.

Human nature is always at work within people. I have known fine men who were manufacturers, bankers, and managers; also just as fine, honest and sober, hard-working men of integrity at the bench—in fact it is the man and not the job he is in.

Help the good unions. Help the good, earnest, industrious business men. Don't keep splitting everything into classes. Be good old Jeffersonians in this good old U. S. A., the land of liberty and justice for all.

The bankers can be depended on, and are only too glad to do their part in the future conversion and economy, if your politicoes will start a Square Deal.

A COUNTRY MERCHANT



If all the worthless currencies in Europe were placed end to end, they wouldn't reach par.

We have often wondered whether the fellow who gets automobile license No. 2222 also carries a horn.

Whenever a man wastes time, he ought to remember that Father Time never makes round trips.

The old preachers used to talk about hell. The modern ones talk about current events.

April 1945

*Look Ahead With First National*



## Golden Anniversary

50 Years experience assures a more valuable correspondent bank service today and for the postwar.

**THE FIRST NATIONAL BANK  
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# WAR BOND MAN

## — CLASS OF '63

**Someday you'll want** to see that boy, or girl, of yours off to college . . . and *right now* is not too early to start making plans.

Maybe your youngster, like so many other American boys, will work his way through school . . . but even in that case you'll want to be in a position to give him a little help if he needs it.

**By what you put aside** in War Bonds *today* you can help *make sure* he gets the same chance as other boys, *tomorrow*.

Chances are you're already on the Payroll Savings Plan. Saving as you've never been able to save before. This is fine not only for you, but for your country—*provided you keep on saving*.

But take your dollars out of the fight—and you will be hurting yourself, your boy's future, and your country.

Buy all the bonds you possibly can. Try to get even more than you ever have before. And remember this . . .

**For every three dollars** you invest today, you get *four dollars back* when your Bonds come due. You, and your boy, can use those extra dollars.

*Make sure you get those Bonds! Hold on to them till they come due!*

## BANKING

# North of the Border

CANADIAN war output will be reduced approximately 35 per cent on the conclusion of hostilities with Germany, C. D. Howe, Minister of Reconstruction, announced last month. The projected cut will be a general one across the board and will affect all war industries about equally. The Minister went on to say that there would be no discrimination between East and West Coast industries and that the latter would not necessarily be favored in awarding contracts for the Pacific war. Plant facilities released by the 35 per cent cutback will become available immediately for the production of civilian goods such as passenger automobiles, radios, etc.

On the subject of unemployment, Mr. Howe stated that the Canadian Government did not anticipate any great problem. For this reason a large program of public works was not intended at this stage but would be reserved for the close of the Pacific war. Meanwhile, he predicted the "tightest manpower situation the nation has faced yet" during the coming summer months due in part to renewed activity in certain industries which had been selected prematurely for cutbacks.

PRICE control will last beyond the war in the Pacific to ensure "orderly reconversion" to full peacetime conditions, according to the Minister. His department has laid down a five-point policy to provide jobs in the transition period. It anticipates: (1) increasing the domestic market for goods of all kinds by measures ranging from special taxation concessions to manufacturers to legislation to assist housing; (2) extending export markets by credit legislation and intensified efforts by the Department of Trade and Commerce; (3) a social welfare program to aid family purchasing power (the baby bonus which goes into effect on July 1, 1945); (4) measures to stimulate private investment; (5) a widespread scheme of deferred public works, some of which will be carried out in cooperation with provincial and municipal governments.

To supplement this program, the Minister stated that two important decisions had been made. First, a government committee is to be created to consider applications for special income tax depreciation from firms ready to invest in capital equipment which will create post-war jobs; second, the Crown

Assets Allocation Committee will give priority in the sale of surplus war equipment and materials to purchasers who will use them for the same purpose.

Meanwhile, Donald Gordon, chairman of the Wartime Prices and Trade Board, warned Canadians in a public address that many shortages still exist on the home front and that there is little sign of improvement in the near future. He pointed out that "the home front

will have to carry on under conditions which for all practical purposes will be wartime conditions long after the actual hostilities have ceased."

"There is no reason for anyone to become unduly alarmed," Mr. Gordon added, pointing out that no real hardship need be experienced by the civilian population so long as the majority purchase only their immediate needs.

R.I.C.P.



**Oil** is big business down in Texas. And Houston is the center of the industry. But for banking in any field, think of First National first. Because of its thorough knowledge of conditions, backed by more than three-quarters of a century of experience, First National is a logical choice as your bank in this post-war land of opportunity. Your business is invited.

## First National Bank

In Houston

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AT FRANKLIN

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as an opportunity  
for greater service.**

**AMERICAN  
NATIONAL BANK**  
at Indianapolis

# Your Reading

## Financing Small Business

**SMALL BUSINESS AND VENTURE CAPITAL.** By *Rudolph L. Weissman*. Harper and Brothers. 174 pp. \$2.

**MR. WEISSMAN**, a member of the staff of the Securities and Exchange Commission, has made a realistic study of the position of small business, its problems, and the best ways put forth to solve them. He finds that the greatest cause of hardship and failure is lack of adequate capital and credit.

The financial problems of small business have increased for several reasons: the declining rate of profits in the last decade, which means less money available for reinvestment; the heavier investment required by modern technology; increasing scarcity of local capital; and the lessening scale of the issuance to the public of securities of small business. As a result, there is a genuine unsatisfied demand for equity capital and short-term credit among many sound small businesses.

In regard to bank credit, Mr. Weissman states that the penalty for being a

small business is twofold—greater difficulty in obtaining a loan and stiffer premiums in the cost. He explains why he believes the differential interest cost paid by small business cannot be justified on economic grounds, and finds that a reorientation of thought on interest rates is in order.

The extension of short-term loans or intermediate credit, if available, does not, he thinks, go to the heart of the problem of companies with insufficient working capital; thus the central idea of special provision for the capital needs of small business sprang up almost simultaneously from a number of sources. The ideas of several men who have studied the subject are outlined, and some of the plans proposed in Congress to meet the problems of small business are analyzed. The author proposes the establishment of a Federal Reserve Investment Corporation along regional lines as an integral part of the Federal Reserve System. It would have authority to make loans and purchase preferred stock.

The author says that Federal action is needed to accomplish reforms which

will curb monopoly and other big business practices that deprive small business of fair competitive opportunities. Federal charters for all corporations engaged in interstate commerce; revision of taxes; effective antitrust enforcement; and revision of the patent system, are among the reforms discussed in the book.

A program for the future of small business should include technical assistance and special credit facilities similar to what the Department of Agriculture offers farmers, and no curbs on the entry into any line of business.

Mr. Weissman says the preservation of small business is urgent because of its potency as an instrument in furthering the American ideal, not only economically, but politically and socially. The survival of the middle class, and of democratic principles, is at stake.

## Foreign Policy

**FOREIGN POLICY BEGINS AT HOME.** By *James P. Warburg*. Harcourt, Brace and Company. 308 pp. \$2.50.

**THIS** is a brief history and analysis of modern American foreign policy and domestic policy, presenting a foundation of factual knowledge, and the forthright convictions of the author. Mr. Warburg is well known as an international banker, an economic advisor to President Roosevelt, and most recently as OWI director in London.

It is Mr. Warburg's thesis that we must establish the foundations of democratic justice and freedom at home if we are to establish them in the international field. Every American citizen has a responsibility to resist the forces leading to fascism in the United States, which the book clearly delineates. Our actions must be brought into conformity with our democratic ideals, with the aim of establishing equal opportunity and a decent life for all.

Secretary of State Stettinius signs the Inter-American Agreement at Mexico City



PRESS ASSOCIATION  
BANKING

## Where Was the Linotype Machine Invented?

Ottmar Mergenthaler developed the linotype machine, which revolutionized the newspaper business, in Baltimore. . . Today Baltimore is one of the nation's busiest war production centers and the Equitable Trust Company is one of its busiest banks. By keeping constantly abreast of conditions in this important industrial area, the Equitable Trust Company is able to serve "out-of-town" banks quickly, intelligently, thoroughly.



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**Baltimore**



## Tomorrow's Business

TOMORROW'S BUSINESS. By *Beardsley Ruml*. Farrar and Rinehart. 238 pp. \$2.50.

BEARDSLEY RUML is well known as chairman of the Federal Reserve Bank of New York, treasurer of R. H. Macy and Company, and a tax expert. The first part of his book is devoted to a philosophical discussion of the nature and attainment of freedom, in which he agrees with traditional American views.

His second section is titled "Business as Private Government." Here he deals with the structure and significance of business organization, and business as a private rule-making government. There are chapters on the role of profits and labor unions. In writing on foreign trade and tariffs Mr. Ruml makes clear that the tariff is a sales tax paid by the consumer to the producer. The tariff-sales tax provides what amounts to a subsidy to particular interests for which no accounting and no specific performance are required.

In the last section Mr. Ruml gives attention to government fiscal policy and taxes, a field wherein he is expert. He advocates the use of government fiscal policy to sustain purchasing power and control the business cycle. He also recommends that a public works program be planned to stabilize and reduce costs in the building construction industry.

The tax program that will contribute most to business health and national prosperity is delineated. In Mr. Ruml's opinion "the corporation income tax is an evil tax and should be abolished." He recommends, as a start, that taxes be reduced to 5 per cent on corporate profits and 16 per cent on undistributed profits, and that the 25 per cent tax on long-term capital gains be retained. He also believes individual income taxes can be reduced by an aggregate of 30 per cent, and "still we can balance an 18 billion dollar budget at high employment."

### Transition Unemployment

PROVIDING FOR UNEMPLOYED WORKERS IN THE TRANSITION. By *Richard A. Lester*. McGraw-Hill Book Company. 151 pp. \$1.50.

THIS research study of the Committee for Economic Development develops a practical program for meeting the problem of transition unemployment. Among

Supreme Court Justice Douglas, right, administers the oath as George W. Taylor becomes new War Labor Board Chairman. Former WLB head William H. Davis, seated left, has just taken his oath as new Economic Stabilization Director



PRESS ASSOCIATION

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A. E. ARSCOTT, President

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the factors examined are the adequacy of unemployment compensation to sustain purchasing power so that transition unemployment will not of itself initiate long-term unemployment, the extent to which public works can be utilized, the advantages or disadvantages of Federal public works programs as against local undertakings, and the value of a program of education and training for unemployed workers.

The author analyzes present arrangements and appraises proposed programs along with his own recommendations for handling the problems. The urgency of proper timing and coordination of

different portions of the program is also made clear.

## Other Books

**READINGS IN BUSINESS CYCLE THEORY.** Selected by a Committee of the American Economic Association. The Blakiston Company. 494 pp. \$3.75.

This is the second volume of a series of republished articles on economics designed to make accessible the most useful periodical literature in the various fields of economic analysis and policy.

Among the subjects discussed are savings and investments, interest rate

theory, multiplier and acceleration principles, fiscal policy, over-investment and underconsumption schools, and other timely problems.

**HOW WE LIVE.** By Fred G. Clark and Richard S. Rimanoczy. D. Van Nostrand Company, Inc. 39 pp. \$1. An extensively illustrated primer of economics which explains in simple terms the operation of the economic body.

**FUTURE FINANCIAL PROBLEMS IN THE AIRCRAFT INDUSTRY.** By Tom Lilley and L. Laverne Horton. Harvard University Graduate School of Business Administration. 49 pp. \$1.50. A study of the financial problem of contract terminations and post-war conversion in the aircraft industry seems particularly apt because the financial problems of the aircraft manufacturers are the problems of all war contractors magnified.

**TOWARD THE UNDERSTANDING OF EUROPE.** By Ethan T. Colton. Association Press. 83 pp. \$1. Dr. Colton discusses from first-hand knowledge the problems of racial enmity, minorities, and extreme nationalism that have beset Europe for centuries.

BEATRICE A. FREAR

## Clerking Auctions

(CONTINUED FROM PAGE 55)

price and what type is selling for \$150.

The sale offers an excellent chance to gain new business. Many farmers still do their banking in cash. When you clerk a few sales and have several hundred dollar bills handed to you, you will realize that there are still many farmers without bank connections. The fear of the early Thirties still lingers. These men are prospective customers and it brings them in contact with your bank and gives you an opening in soliciting their business.

Many farmers do not settle their accounts at the sale but come to the bank the following day. Many of these are non-customers. They get a chance to see your bank and meet the other members of your staff. Once they have come to your bank, they are much more liable to come again, and you stand a good chance of gaining new business.

Banks have seen many of their old side lines slip away, either by legislative methods or customer pressure. Few banks still handle real estate, sell insurance, draw contracts, or wills. These were once lucrative side lines. We need every type of business and revenue we now possess.

## A SYMPHONY OF SERVICE . . .

A harmonious blending of experience and knowledge in every department of the Commerce assures a *symphony of service* from which correspondent banks in 42 states benefit.

The concerted action of employees and officers of this bank is aimed toward providing the highest type of correspondent service possible.



★ *This combined experience, knowledge and cooperative action awaits your bank. How may we serve you?*

# Commerce Trust Company

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The West is more than ever a land of opportunity. Millions of dollars, thousands of people have poured into this section to turn the West into a hive of industrial activity. After the war these people and the plants in which they work will be devoted to the manufacturing of consumer goods for the United States, the Pacific Area and South America.

Citizens National Bank, in the heart of this new industrial empire, is prepared to offer you prompt and efficient cooperation as your correspondent bank on the West Coast.

## CITIZENS NATIONAL BANK

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5TH & SPRING STS., LOS ANGELES

Established 1890

MEMBER  
FEDERAL DEPOSIT INSURANCE CORP.

# A "Share the Loan" Idea Abroad

(CONTINUED FROM PAGE 36)

industrial borrowers may thus be able to obtain accommodation at about 4 per cent.

The smaller company, known as the Industrial and Commercial Finance Corporation, is to have a capital of \$60 million, and borrowing powers of double that amount. There is to be a token subscription of \$2 million by the Bank of England, and the remainder of the capital will be subscribed by the English and Scottish joint stock banks, in proportion to their deposit liabilities. The banks will also lend to the company in roughly the same ratio.

The board of the ICFC will consist of eight directors, the president being appointed by the Bank of England.

The main purpose of the ICFC is to meet the needs of the small man by making loans of \$20,000 to \$80,000 by way of medium or long term capital. It is the first real attempt to meet what is often referred to as the "Macmillan gap"—that is, loans too long for normal bank business or too short for the new issue market. Many bankers are skeptical regarding the size of the "gap," hence it appears that there is a certain amount of political pressure behind the scheme. Some banks have been reluctant to come into this new company, and it is fairly obvious that few of them will divert to the ICFC business they feel able to handle themselves. There is a distinct possibility the ICFC will be left with the unattractive end of the business.

It is the intention for both companies to be managed as units in themselves, entirely independent of the banks, having their own board of directors, and permanent staffs of men experienced in

finance, commerce and industry. The larger company will have the assistance of a special industrial advisory panel. One of the directors, it is stated, will be a "scientist." In order that the policy of the FCI may conform to the general economic policy of the government, the appropriate Government departments will be kept informed of the nature and extent of all major developments being considered by the company.

It must be made quite clear that the two new institutions are private banking ventures, in which the Government takes no active part, except providing sympathetic support. No Treasury guar-

antee or participation is involved, and there should be the minimum of official interference. Furthermore, it is pointed out that the normal new issue market will still function independently.

Taken by and large, the new schemes are an example of a typical British way of doing things—official encouragement backing private enterprise. A further interesting feature is the fact that though the banks are still to continue as competitors for normal banking business, they are cooperating in a scheme to handle jointly such business as they would not accept individually—a common British trait.



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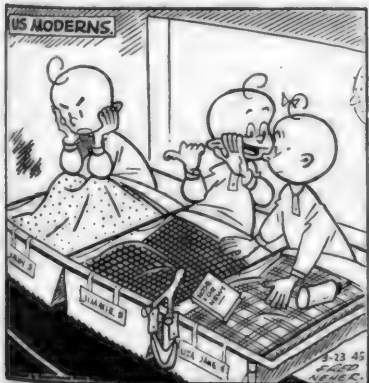
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WAR  
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## Planning a Bank to Make Friends

(CONTINUED FROM PAGE 35)

worth while to provide an assembly hall for concerts, auctions, farm grange meetings, public forums, and similar affairs. Others, with ample ground or suburban environment, have developed a friendly, homelike atmosphere that has brought most favorable comment. One bank recently built an addition for use as officers' space. It is furnished with a living room decor. At the rear a large picture window looks out on a small garden plot. What a pleasant contrast to the usual officers' quarters!

Other banks with garden plots have used them even for banking purposes, in a limited way, during Summer months. Garden planning of this type sets a good example for the whole community. It is particularly advantageous if adjacent properties appear dilapidated. Such properties often can be purchased reasonably, and can be used to beautify the bank building as well as provide room for future expansion. Opportune purchases of this kind act as an insurance policy against real estate bottlenecks at a later date.

In planning a new site, let the druggist or department store take that highly prized, highly priced Market Street corner! Let them build their businesses, and help to build yours. For the banker, the larger plot on the side street is ideal. You have lots of room, parking facilities, and sufficient floor space to serve the community in ways that will win friends and attract business.

Central location, in fact, is far from a guarantee of prosperity for the bank. People choose your bank because a relative or friend recommends it; because of your community leadership; because of social or business contacts; because of well-planned advertising; because of a personal liking for Harry the head teller or Mary the redhead assistant. Sometimes people choose your bank merely because they don't like your competitors. The heart blood of your business is not location but personnel. Friendship and personality mean progress and profit.

THE active officer in a small bank often must have a dual personality: a Dr. Jekyll as sales manager, and a Mr. Hyde as credit manager. No wonder, then, that the strain sometimes produces more Hyde than heaven. By lifelong training, the banker learns to fend off people who want insecure loans—people

who seek donations—people who want to sell something—today, even people who want to deposit money at interest. Yet he must show charm and tact to others. Few other men are so subject to these contrasting forces as the banker.

With their acquired reserve, then, bankers need every assistance in maintaining good judgment and level balance. Comfortable quarters, friendly personnel, and community interest are paramount in today's banking practice.

## A History of the A.I.B.

THE Executive Council of the American Institute of Banking, educational section of the American Bankers Association, has authorized publication of a history of the Institute, which will be written by Richard W. Hill, retired national secretary in collaboration with Miss Marion Turner, assistant to the educational director, it has been announced by President William C. Way, who is also trust officer of the Central National Bank, Cleveland, Ohio. The proposal for the A.I.B. history was brought up at the recent Executive Council meeting held in Florida.


Both Mr. Hill and Miss Turner have been connected with the A.I.B. for many years.

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*a great city*

**HOTEL MAYFAIR**

*a great hotel*

DOWNTOWN ST. LOUIS AT YOUR DOORSTEP



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**DIVIDEND NOTICE**

The Board of Directors of Investors Mutual, Inc. has declared a dividend of ten cents per share payable on April 16, 1945 to shareholders on record as of March 31, 1945.

E. E. CRABB, President





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"Bronze Tablet Headquarters"

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## Home Moderniza- tion Paper

(CONTINUED FROM PAGE 41)

for the institution whose losses exceeded the amount paid for insurance premiums, it would automatically tend to reduce the over-all loss picture and encourage the lenders to operate on a minimum loss basis. One method of doing this would be to refund to any lender a half of the difference between the amount paid in for insurance and the amount of his total claims, and a penalty, possibly 25 per cent, of the amount of the claims if they exceed the amount of premiums. The FHA Title I law would have to be amended to make this possible, but it would, in my opinion, have lasting benefits for the lending institutions and the Federal Housing Administration.

ANOTHER factor which has tended to discourage banks from insuring their paper is that the insurance premium varies directly with the period of time the transaction has to run. A transaction payable in 36 months, in the considered opinion of this writer, is not three times as hazardous as the same amount financed on the 12-month basis, yet the cost of FHA insurance is tripled. At the present time the FHA insurance charge is 75 cents per \$100 per year so that the two-year charge is \$1.50 per \$100 and the three-year charge is \$2.25 per \$100.

Just for the sake of discussion, let us assume that we substituted a basic insurance charge of 25 cents per \$100 plus a charge for the elapsed time which could then be 50 cents per \$100 per year.

This would make the one-year rate the same as it is now—75 cents—and would reduce the two-year rate to \$1.25, instead of \$1.50, and the three-year rate would be \$1.75, instead of \$2.25. The FHA might claim a loss of income if such a reduction was made in the insurance charges, but if this change in computing the insurance premium was coupled with the program outlined above for co-insurance, the over-all amount of claims filed would be reduced, which would more than offset the reduction in premiums received by the FHA.

THE result would be that Title I would become more attractive to those lenders whose operations are such that their losses are below average; the net effect would be an increased volume of business under the FHA program on a lower average loss basis.

*Our borrowers like this  
life-insurance plan*



## GEARED to your needs

Many Personal Loan Departments, familiar with every type of life insurance coverage for their loans, find that Old Republic insurance is best suited to their needs. As a pioneer in this specialized field, Old Republic provides a comprehensive service, geared to your requirements. Details of the Old Republic plan have been carefully worked out to make the insurance advantageous to the borrower, to his family and to your bank.

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The unsurpassed gallery facilities and the outstanding abilities of the personnel of the Parke-Bernet Galleries have established this house as the leading art and book auction gallery in the U. S. The three senior officers, Hiram H. Parke, president, Otto Bernet and Arthur Swann, vice presidents, have engaged in the conduct of public sales for more than thirty-five years. A beautifully illustrated book on the history, methods and organization of this firm, containing data on outstanding sales, will be sent free of charge to Trust Officers and Attorneys contemplating the disposal of art and literary property.

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On behalf of hundreds of important correspondent banks, the American National, a key bank in the Central South for more than sixty years, will welcome these new industries—ensuring full cooperation. Inquiries invited.

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## A Pleasant Place To Do Business

(CONTINUED FROM PAGE 35)

atmosphere through the use of color. We are eliminating all unnecessary railings, cutting down the barrier between teller and customer, putting the officers on druggets without intervening railings to suggest that one must approach the throne seeking accommodation.

"In the front of each office will be a ladies' lounge to indicate an atmosphere of informality and customer convenience. We are providing ample lobby space to avoid crowding and ample tellers' windows to avoid waiting.

"Naturally the buildings will be indirectly lighted, and definitely air-conditioned."



A BANKER in the Southwest thought the first consideration should be an inviting appearance. To this end, he said, massive doors and grills should be eliminated and plate glass substituted, wherever possible.

"Attractive window displays would add much, and, more important, the outside should be properly lighted at night. In addition to modern acoustical treatments and lighting, the interior of banks should have more color and the furnishings, including floors, counters, cages and officers' quarters, should give a feeling of friendliness as well as spaciousness, without actually using the vast amount of space that is now prevalent.

"Most banks' lobbies and quarters today are so large, particularly in height, that the average person feels lost. Elimination of space would add much in giving the quarters a homey touch."

Another southern banker offered "a few random ideas" which gave evidence that he had given the question of bank-

ing quarters considerable attention. Here is some of his "thinking out loud":

"Most assuredly, no matter where my bank was located or its size, I would plan it with good window space for display purposes. Generally speaking, banks are located in the heart of the city, frequently on valuable corners, and thousands of people pass every day. The opportunity for good displays, posters and all kinds of reminder advertisements on general services, is unlimited. To that can be added unusual merchandising displays or customer displays which represent cooperation with civic activities. The scope is limited only by someone's imagination."

This banker would design the main floor with a view to volume traffic and service convenience, making adequate provision for tellers' windows and extra tellers. He also thought the instalment loan department "should be brought forward and dignified and made readily accessible."

"Many people coming into the bank have never sought to borrow before. They are frequently embarrassed and hesitant. If they are unable to locate the department easily, many of them may actually be turned away. The psychology involved in this is obvious."

THE bank lobby, in this banker's opinion, "should be a servant and salesman like any other public house," and provision should be made for posters and other forms of advertising the bank's services. One of the big focal points for delivering a message is the teller's window. The right kind of message, placed there without obscuring the teller's view, can produce real results.

Proper architectural planning is required to put officers having contact with the public in easily accessible locations.

"In planning new buildings," concluded this commentator, "real consideration should be given to the possibility of expansion in banking service on the lobby floor. If, as I believe, there is going to be an increase in banking service for the people, then banks must plan accommodations accordingly. I know of banks which have decided against no minimum balance checking service, for example, simply because they were satisfied that any considerable volume would over-tax their lobbies and tellers' windows. Physical conditions forced the decision that actually

William H. Davis, left, former War Labor Board chairman, is congratulated by Senator Wagner after Davis' appointment as Economic Stabilization Director



PRESS ASSOCIATION

thwarted their growth as well as a proper service relation to the community."

A banker in a small mid-western city, writing from the viewpoint of the "country bank," thought the new building should be for the bank only and should stand in the middle of a large lot. There should be landscaping around the structure, and the rest of the land should be available for parking.

"The physical arrangement of either a remodeled or a new bank," he said, "should provide segregated quarters for the small loan department. We bankers agree on one thing regarding the small loan department—most of its patrons prefer intimate and less public quarters."



AN EASTERN banker would like to see "less imposing bank interiors, regardless of exteriors." It's important that a customer be made to feel at home, not over-awed, and that he have the feeling his business is wanted. The bank must be a place he likes to visit.

Also, signs should clearly label the location of all departments. A customer should never again be obliged to ask a floorman, "Where can I get a loan?"

"It has been demonstrated," said this letter, "that loan business doubled and trebled where the loan department was not conspicuously located on the main floor, but was situated where all transactions could be made in complete privacy. Signs designating the location of the department should be readily visible on the main floor, however."

For better public relations, waiting spaces for customers should be provided with chairs and magazines. Telephone pay stations for customers are also suggested.

The bank staff should be provided with locker, lunch and club room facilities—in fact, "every physical comfort and convenience that adds to the pleasure and efficiency of the employees adds to the bank's business."



A CALIFORNIA banker said there should be a fresh approach to bank architecture, both for remodeling and new buildings.

"I think the obvious thing that an architect will do when told to design a bank," he said, "is to refer to the conventional handling of the past and use that as his starting point. The result generally includes a complete set of pillars and a lot of marble. This is supposed to symbolize strength. Maybe it

does. It also exudes coldness. It is not inviting to the average man.

"A typical case in point: A certain small loan man has made the statement that he can open shop opposite any such imposing bank edifice and, in humble quarters, beat the bank to the lion's share on the small loan business in the area. He says the reason is that people are awed by the bank and afraid to approach anyone within it. Conversely, people have no hesitancy in entering the less pretentious establishment.

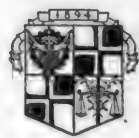
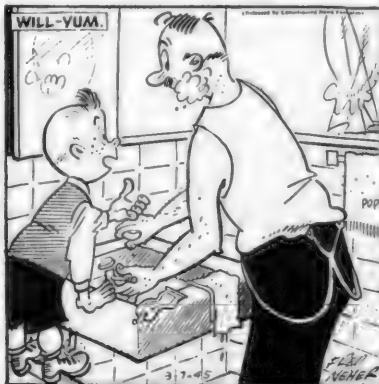
"Accordingly, I think the banker should first determine what he wants people to think about his bank. I'd imagine that he'd want them to think it is a friendly organization, staffed by human beings. I realize that we in the business are much taken with our size and strength. John Doe isn't nearly so interested. FDIC takes care of him, as far as safety goes, so he has no need to be concerned with that aspect of our business. He *does* like to do business with friendly people.

"So I would suggest we tell our architect we want a building that expresses warmth and friendliness. I don't know how you do it. Possibly the use of wood paneling and carpeted flooring might be two things to consider. How to break down the austerity of the exterior would be the architect's job. But I should think the 'ironic' columns and the marble could be scratched off the list of essential ingredients.

"We must remove as many barriers as possible between us and the customer.

"I think it's up to us to determine what we want to say to the public—and in so doing we should remember that dignity doesn't butter a heck of a lot of parsnips. Then we should get a competent architect to use line, color and mass to say those things as eloquently as they can be said in available materials."

"Sure, I know money doesn't grow on trees, pop. An' you don't find a little redhead like her on every corner, either"



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A dividend of 50¢ per share or two per cent (2%) on par value of the shares of The Texas Company has been declared this day, payable on April 2, 1945, to stockholders of record as shown by the books of the company at the close of business on March 2, 1945. The stock transfer books will remain open.

L. H. LINDEMAN

February 20, 1945

Treasurer

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UNITED STATES RESOURCES AS OF DECEMBER 31, 1944

| Organized                                        | *Total<br>Admitted<br>Assets | Reserves<br>for<br>Liabilities | Policy-<br>holders'<br>*Surplus | Securities<br>Deposited<br>as required<br>by Law | MARKET VALUES<br>* (see note below) |                                |
|--------------------------------------------------|------------------------------|--------------------------------|---------------------------------|--------------------------------------------------|-------------------------------------|--------------------------------|
|                                                  |                              |                                |                                 |                                                  | Admitted<br>Assets                  | Policy-<br>holders'<br>Surplus |
| 1861 Commercial Union Assurance Co. Ltd.†        | \$18,096,028                 | \$9,969,999                    | \$8,126,029                     | \$1,031,071                                      | \$18,495,040                        | \$8,525,041                    |
| 1871 The Ocean Accident & Guarantee Corp. Ltd.†  | 22,789,885                   | 15,768,351                     | 7,021,534                       | 912,977                                          | 23,408,802                          | 7,640,451                      |
| 1853 American Central Insurance Company          | 8,338,728                    | 3,764,657                      | 4,574,071                       | 391,390                                          | 8,747,304                           | 4,982,647                      |
| 1904 The British General Insurance Co. Ltd.†     | 1,391,919                    | 543,018                        | 848,901                         | 634,071                                          | 1,466,805                           | 923,787                        |
| 1864 The California Insurance Company            | 5,646,121                    | 2,340,098                      | 3,306,023                       | 367,230                                          | 5,844,347                           | 3,504,249                      |
| 1920 Columbia Casualty Company                   | 11,694,426                   | 7,444,817                      | 4,249,609                       | 705,703                                          | 11,997,279                          | 4,552,462                      |
| 1890 The Commercial Union Fire Ins. Co. of N. Y. | 3,780,843                    | 1,846,805                      | 1,934,038                       | 282,439                                          | 3,912,283                           | 2,065,478                      |
| 1886 The Palatine Insurance Company Ltd.†        | 3,474,548                    | 1,272,792                      | 2,201,756                       | 634,006                                          | 3,640,966                           | 2,368,174                      |
| 1714 Union Assurance Society Limited†            | 2,742,415                    | 1,273,348                      | 1,469,067                       | 636,479                                          | 2,870,611                           | 1,597,262                      |

\*U. S. Branch.

† If all Bonds and Stocks owned were valued on the basis of December 31, 1944, Market Values, the Total Admitted Assets and Policyholders' Surplus would correspond to the amounts shown in the columns at the right.



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# THE CONDITION OF BUSINESS

By WILLIAM R. KUHNS

**THE OUTLOOK.** The word confidence, which was once such a useful and common part of our business vocabulary, has been missing since Pearl Harbor.

There was no need to use it in connection with the war because victory was one thing there was never any doubt about in most minds.

There was no need to use the word in connection with business because the requirements of war were more than enough to keep every wheel turning. The Government said what to make, how much material to use, how much to pay for it, how much to sell the products for, how much to pay in salaries and wages, and there was practically no selling problem.

But it is time to think again about confidence as a prime factor in the coming reconversion and the resumption of normal business. It may not be important to slave states with their rigidly planned economy, but it is basic to our way of free individual opportunity.

## 60 Million Investors

In fact, a very good method of judging business prospects today is not simply by production figures, sales and earnings, but by the attitude of the average prudent person with a little money to invest. Just what this free individual is thinking about has become a matter of vast importance because there are so many more of him than ever before in history.

It would help solve the problem of 60 million workers if we could find the right combination to encourage 60 million capitalists, largely the same group.

Will they put their savings into action, into small businesses, tools, homes, buildings, equipment and securities, or will they sit prudently tight waiting to see what happens?

It does not take much inquiry among the investing masses to show that there is not nearly so much confidence about the peace as there is about the war.

## How to Build Confidence

In order to correct this situation, there are several points about the anatomy of confidence which might well be pasted in everybody's hat.

(1) *Confidence must be free.* It cannot be forced any more than the quality of mercy can be strained.

One of the most effective means of destroying economic courage and initiative, our great national asset, has been that old refrain: "If business won't do it, then the Government will." Another has been the long succession of big plans, all involving the continuance of government controls in some form or other.

(2) *Confidence must be mutual.* It is a matter of trust between various groups, for example, government, labor, and management.

There are jobs that the Government should perform and some that private enterprise can do much better.

A large amount of government planning and managing is certainly needed to handle reconversion and surplus disposal and see that various parts of the country and different industries get as fair a break as possible.

In fact, there are more and more areas of commerce and industry that require the guiding hand of the Government and private enterprise must recognize this changing shape of things.

If national planning could be separated from politics it would come closer to achieving what it is theoretically capable of, but that is like saying — if ham could be separated from ham and eggs. It is the very nature of politics that every planning decision must be considered in terms of votes instead of economic righteousness. If any other course is followed, the planners would not stay in power.

(3) *Confidence must be international.* The common practice today is to look back to World War I for hints about what is going to happen after this war. It would probably be more accurate in many respects to draw a comparison with our situation after the war with Spain.

That was a period when both the domestic and foreign scene opened out into a panorama of limitless opportunity. Then we were having the first experience with our own kind of imperialism and now there seems every indication that we are about to have our second.

After World War I, we took an independent course which is not likely to happen when this war is over. Consequently, the kind of international arrangements we enter into this time is of much greater concern to every individual.

We are accustomed to thinking about Wichita, Fargo, and other inland air-minded cities as potential New Yorks of the air, but we still realize but faintly the full impact of the elimination of distances after the war, with Calcutta as close as Coney Island or grandma's house in Indiana.

(4) *Confidence must have the incentive of opportunity without a lot of strings tied to it.* If we persist in having taxes that discourage trade and industrial ventures, and controls that make running a business vastly complicated, we are not being very bright.

Certainly there are more new opportunities in industry, agriculture, transportation, and the sciences than there are candidates to fill them. Horizons are wider in all directions than during the opening of the West. There is no concern on that score.

The answer lies in taking the steps that will be a positive incentive to putting men and money to work.

These steps might be tax relief, red tape relief, or any other kind. The exact nature of the steps is probably less important than the fact they are taken. One thing that would help confidence most of all would be relief from lip service to free enterprise on the part of those who do not know exactly what it is.



The checks of The Northwestern National Bank are "individualized" by the bank's distinctive emblem shown here.

This mark, on chainline Hammermill Safety paper, instantly identifies the checks of the Pennsylvania Company.



Checks of the Cleveland Trust Company have this mark as part of their surface design.

# You, too, can "Individualize" your bank's checks

**A special surface design on Hammermill Safety gives added protection to checks and reflects the character and success of your bank.**

To many of the great banks of the country Hammermill supplies special design safety paper in which the bank's trade mark, or other desired symbol, is literally part of the paper itself—put there by the same process as the Hammermill Safety surface design.

Such instantly identifiable checks

speed safe handling, are an added safeguard against tampering and are an unobtrusive but impressive reminder of the bank's name and standing.

Your own special surface design on Hammermill Safety can be supplied in a wide range of colors and background patterns. Consult your check supplier for suggestions, or write on your bank letterhead to Safety Paper Division, Hammermill Paper Company, Erie, Pa. No obligation. No salesman will call.





## *Copper saves millions in Building upkeep*

COPPER is traditional in the building that is erected to endure... whether it be a skyscraper, a public building or a modest home.

Copper roofs protect the United States Capitol and the Capitols of 21 states! And everyone is familiar with architectural bronze, the metal that distinguishes the store fronts and entrances of eight out of ten buildings along New York's famed Fifth Avenue from 42nd to 57th Street.

Less obvious, but even more important to such buildings, is the long-lasting protection copper and its alloys provide, both inside and out, wherever metals are exposed to rust or corrosion.

In small homes, too, the use of copper and brass is equally important. No other metal offers the homeowner so much as copper in assuring protection, convenience, comfort and low upkeep. Roofs, flashings, gutters, downspouts and insect screens

that can never rust. Water lines of brass pipe... or copper tubes that cost, installed, little if any more than rustable pipe. Water heaters with tanks of non-rust Everdur\* Metal. Solid brass and bronze hardware for beauty and endurance.

You may *spend* a little more for copper and copper alloys, but you *get* more... much more in lasting satisfaction and protection. \*Reg. U. S. Pat. Off.

The skyline illustration above shows six of the many outstanding buildings rustproofed with Anaconda Metals. From left to right: The Russ Building, New York Central Building, RCA Building, Bank of Manhattan, Woolworth Tower and Fisher Building. Many millions of pounds of Copper, Brass and Bronze perform more than 50 distinct functions in these structures. 4412-F

### **THE AMERICAN BRASS COMPANY**

*Subsidiary of Anaconda Copper Mining Company*

General Offices: Waterbury 88, Connecticut

*In Canada: ANACONDA AMERICAN BRASS LTD., New Toronto, Ont.*

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# *Anaconda Copper & Brass*



